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NEWS SUMMARY

GENERAL

20,000 march at Sands's funeral

Bobby Sands, the IRA hunger-striker who died on Tuesday after a 66-day fast, was buried in Belfast. The service and burial went off peacefully. About 20,000 people marched in procession.

In central Belfast about 3,000 people gathered to hear the Rev. Ian Paisley lead a commemorative service for victims of Ulster's troubles. Back Page

'Phone-tap record' put to police

The transcripts purporting to be of telephone conversations between Prince Charles and Lady Diana Spencer were referred to police by the couple's solicitors. The move follows the granting of an injunction against journalist Simon Regan and a Nuremberg court's order prohibiting publication in Die Aktuelle magazine.

Farrer & Co. said it had seen a transcript being offered for sale to the Press abroad. While not knowing if this formed part of material that might be published in Germany, the firm was "quite satisfied the conversations of which this purports to be the transcript did not take place."

Ripper inquiry

The Press Council is to extend its inquiry into Press treatment of the 'Yorkshire Ripper' case, as soon as the trial ends. It will include allegations that some newspapers were buying up witnesses and relatives of the defendant.

Security doubted

Security at Sullom Voe oil terminal, Shetland, to be opened tomorrow by the Queen, was doubted by a British Petroleum official. Page 3

U.S.-Japan talks

President Reagan welcomed Japanese Premier Zenko Suzuki at the White House and said their talks would chart co-operation against Soviet expansionism.

Reagan poised

As the U.S. House of Representatives neared a critical vote on the President's economic programme, Mr. Reagan was poised to chalk up his biggest legislative triumph.

Poison scare

Police warned that more poisoned food could be found in Safeway's supermarket stores after a £500,000 blackmail attempt.

Prague arrests

Former Czechoslovak Foreign Minister Jiri Hajek and seven other Charter 77 human rights movement supporters were among more than 30 people arrested.

Deptford inquest

The inquest into the deaths of 13 black youths in a fire was adjourned until next Tuesday, when the coroner hopes to end his summing-up.

Press suspended

The United Arab Emirates suspended two newspapers for five days for publishing articles about a Government employees' strike. Page 3

Defence warning

Defence Secretary John Nott told Scottish Tories meeting in Perth that the UK could not abandon nuclear deterrence.

Briefly . . .

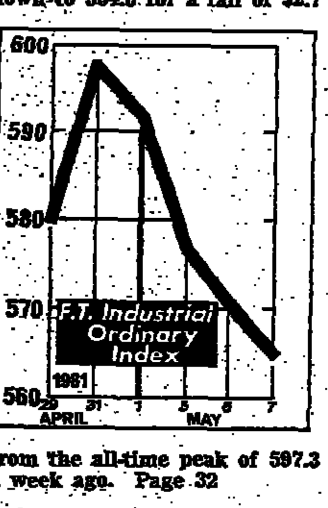
People's March for Jobs members will be allowed to march through London.

Bermuda's four-week general strike ended. Page 4

BUSINESS

Sterling off 1.35c; equities down 6

● EQUITIES continued to slide, with the FT 30-share index 6.0 down to 564.6 for a fall of 32.7



from the all-time peak of 597.3 a week ago. Page 32

● GILTS were slightly steadier. The Government Securities index finished 0.05 down at 66.74. Page 32

● DOLLAR rose to DM 2.2730 (DM 2.2580), Y217.9 (Y216.85) and SwFr 2.0760 (SwFr 2.0625). Its trade-weighted index rose to 105.0 (104.6). Page 28

● STERLING was 1.35 cents down to $2.1035, but rose to DM 4.7850 (DM 4.7825). It fell to FFr 11.3050 (FFr 11.3250). Its trade-weighted index was unchanged at 98.9. Page 28

● GOLD fell $2 to $478.5 in quiet trading. Page 28

● WALL STREET was up 4.33 to 977.67 near the close. Page 30

● SAINT PIRAN: John Biffen defended his decision rejecting a Department of Trade inspectors' recommendation that the group be wound up. He also decided not to refer a bid from Gasco Investments to the Monopolies and Mergers Commission. Back Page

● GULF OIL hopes to conclude a new crude oil supply agreement with Kuwait within the next few days. Page 4

● ACAS chairman Pat Lowry said management is tending to disregard agreed procedure in a "shift in the balance of power" from the trade unions. Page 7

● UNION BANK of Switzerland has boosted its shareholding in Kaufhof, West Germany's second largest retailing group, to 26.3 per cent. Page 27

● ESTEL Hoesch Hoogovens, the Dutch steel-making group, expects a recovery after an operating loss of Fl 123.8m (£23.55m) in the first 1981 quarter compared with Fl 56.1m profit for the same period last year. Page 26

● LADBROKE, the leisure, property and betting group, announced plans to launch a U.S. property development division. Page 14; Ladbroke annual report, Page 23

● ALLIED PLANT Group and the unlisted Thames Investment and Securities plan to pool their housebuilding interests to form a new public company, Allied Residential. Page 22

● FRANCIS SUMNER (Holdings), Staffordshire textile, plastics and engineering group, recorded a pre-tax loss of £132,000 for the second half of 1980, giving 1980 pre-tax profit of £97,000 (£359,000). Page 20

● ROYAL BANK of Scotland reported pre-tax profits for the half-year to end March down from £51.8m to £42.2m. Page 20; Lex, Back Page

● UDS, retail stores group, reported pre-tax profits for the year to end January down to £12.05m (£24.12m). Page 21; Lex, Back Page

Basque attack leads to Spanish minister offering resignation

BY ROBERT GRAHAM IN MADRID

SR. JUAN JOSE RESON, Spain's Interior Minister, offered to resign last night and all soldiers in Madrid were confined to barracks after a daylight attack by members of the militant Basque separatist organisation ETA.

The attack, in which Gen. Joaquim Valenzuela was seriously injured and three other members of the King's military entourage were killed, was the second time in three days in which terrorists have assassinated military personnel.

Politicians of all major parties said the attacks showed a clear attempt was being made to destabilise Spanish democracy.

Last night Sr. Leopoldo Calvo Sotelo, the Prime Minister, refused to accept the interior minister's resignation. A military official said the army in Madrid was confined to barracks as a "preventive measure to protect military personnel."

However, there was mounting concern that the assassinations of Monday and yesterday were designed to provoke a reaction from the armed forces which are already uneasy about the situation in Spain following the abortive coup attempt of February 23.

On Monday, an artillery general, Andres Gonzalez de Suso, and a policemen were assassinated in Madrid and in Barcelona two para-military civil guards wer killed on the same day. The assassinations were attributed by police to another terrorist organisation, the shadowy Grapo (First of October Anti-Fascist Resistance Groups).

Yesterday's attack in a fashionable part of Madrid occurred within about 100 metres of where General de Suso was assassinated on Monday.

Eye-witnesses said two black-clad youths on a motor-cycle approached the general's car on its way from his house to the Royal Palace.

As the car slowed near a traffic light, one of the youths tossed a powerful explosive device on to the roof of the car—believed to be the one part which was not armour plated.

In the ensuing explosion, the

The riddle of Grapo, Page 2
Editorial Comment, Page 18

general's driver, an accompanying Lieutenant Colonel and an escort sergeant were killed.

The general, 69, and no longer on active service was rushed to hospital. At first he was thought to be dead, but doctors later said his life was not in danger although he was seriously injured in the stomach and other parts of the body.

At least three bystanders were seriously injured by the blast. Police mounted a wide search operation that included cordoning off the main park in central Madrid. For the second time this week important areas of the city were blocked by traffic delayed by police searches and road blocks.

General Valenzuela comes from one of the country's most prominent military families and was a former captain-general of the 9th military region. At one stage he also headed Spain's staff college.

The attempt against him is the closest attack yet on a member of the armed forces connected with the King.

Initial suspicion that the attack was the work of the militant Basque separatist organisation ETA had been discounted.

The explosive device, police said, was a crude home-made affair and the means of attack was not that normally employed by ETA.

Last night the authenticity of the ETA claim, made to media in Bilbao, was not being doubted. The only other occasion on which ETA has conducted a similar action was in Madrid in May 1979 when four senior army officers were killed in a grenade and pistol attack. The nature of that attack was uncharacteristic of ETA and it was first attributed to Grapo.

Before yesterday's killings the four main political parties announced they would be organising a nationwide protest next Tuesday, calling on all Spaniards to observe two minutes' silence and halt all work or traffic to underline the nation's rejection of terrorism.

This call is now bound to have a more emotive and more urgent appeal.

AUEW rejects state cash for postal ballots

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT'S employment legislation failed the first major test of its acceptability to trade unions yesterday.

The Amalgamated Union of Engineering Workers' policy-making national committee rejected a proposal from the union's executive to apply for government money to pay for postal ballots.

The Government had high hopes that the moderate AUEW would lead the way by embracing at least part of its programme of labour legislation. It wanted the union to apply under the terms of the Employment Act 1980 for money to help pay for secret ballots for the election of union officials.

Apart from offering funds for secret ballots for union elections or industrial action, the legislation also includes restrictions on picketing and application of the closed shop.

Only one TUC union—the electricians—is even considering whether to risk provoking TUC sanctions by applying for ballot money.

The Electrical and Plumbing Trades Union is to debate the issue at its biennial conference in Blackpool next week, and the AUEW's decision is likely to have a bearing on its decision.

TUC officials are likely to be relieved that Congress will not be in conflict with the engineering workers over the ballot issue. Conflicts between the engineers, electricians and the TUC over the Isle of Grain in the past year led to the two unions almost being suspended from Congress.

In a tense debate at the AUEW national committee meeting in Eastbourne, delegates reversed the committee's normal right-wing majority and voted by 55 to 36 against the executive's recommendation to apply for money.

The national committee's decision was a serious defeat for the moderate leaders of the union—particularly as dissident members of their own right-wing supporters' group did not support them.

The committee's 34 left wingers were joined by 21 breakaway members of the union's moderate group, which normally commands 57 votes at the national committee. The size of the defection was even larger than the union's executive expected before the vote was taken.

AUEW leaders have spent much of the past two weeks trying to persuade the right-wing dissidents either to return to the fold or abstain from voting. The dissidents however maintained that the union could not take money from a Conservative Government which was doing so much harm to the economy and the engineering industry in particular.

None of the breakaway right-wingers spoke at the meeting. Angry left-wingers called the ballot funds "blood money," and argued that acceptance of it would encourage the Government to make secret ballots mandatory.

Sir John Boyd, general secretary of the AUEW, said that taking money for ballots was no different to accepting money for educational and other purposes.

Mr. Terry Duffy, the moderate AUEW president, said the union would not be applying for ballot money "in the life of this Government." He said he was disappointed by the decision but did not regard it as a vote of no confidence in the executive.

Failure to agree on ICL rescue

BY GUY DE JONQUIERES

THE GOVERNMENT appeared to be in disarray yesterday about how to tackle the problems besetting ICL, Britain's biggest computer manufacturer.

A ministerial committee, which met on Wednesday evening to discuss the company's future, was unable to agree on actions which would improve ICL's chances of following its own course to recovery.

The talks apparently stumbled over Treasury concern about the likely cost to the taxpayer of proposals advanced by the Industry Department.

The Department wants to appoint new top management with a brief to review ICL's operations and product strategy and to negotiate selected partnerships with other British and foreign companies.

Mr. Kenneth Baker, the Department's Minister for Information Technology, has cast doubt on ICL's ability to continue as a wholly independent company. But he is keen to avoid it being swallowed by a foreign bidder more interested in acquiring its customer base than maintaining its manufacturing operations.

Ministers recognise that if new top managers are installed, they will be likely to seek further government support which might be difficult to refuse without undermining their recovery plans for ICL.

The Treasury is extremely reluctant to enter into what could become an open-ended commitment to ICL on top of the £200m in bank loan guarantees which the Government has already approved.

Though the issue is due to again be discussed by ministers next week, there seems little likelihood of the Treasury significantly softening its reservations.

Burroughs, the U.S. computer manufacturer has confirmed that it has been holding talks with ICL. It said it would like to help ICL, but the talks were on possible technical co-operation. Burroughs said it was not interested in a takeover.

Control Data is discussing ways of strengthening its links with the British company. It apparently fears the consequences for its own business if ICL, a major purchaser of Control Data's computer peripherals, was taken over by a rival.

£ in New York

	May 6	Previous
Spot	$2.1140-2.1160	$2.1180-1190
1 month	1.15-1.25 pm	1.39-1.44 pm
3 months	3.70-3.80 pm	3.80-3.87 pm
12 months	10.20-10.40 pm	10.35-10.55pm

General Motors to cut British components output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S ailing motor component industry was dealt another blow yesterday when General Motors announced it was to give up making spark plugs, alternators and air cleaners in the UK. Nearly 1,000 jobs will be lost.

The major impact will be felt at GM's plant in Southampton where 837 jobs, representing 64 per cent of the current 1,300, are to go.

Another 156 jobs will be lost at the factory at Kirkby, Merseyside, where the alternators are made.

Overall, there will be a cut of more than 13 per cent in the 7,500 strong work force at GM's British component operations, which operate under the AC Delco banner.

GM blamed the steep decline in vehicle output in Britain, and the fact that the high value of the pound, together with the UK inflation rate, had made exporting increasingly difficult.

The group claimed that its manufacturing costs in Britain have been rising at about 10 per cent a year faster than in its Continental plants.

"We have taken a hard look at all products which currently are not viable to see which of them are unlikely ever to become viable," it said.

GM's AC Delco offshoot has a factory near Paris, now working short-time, which also makes spark plugs and alternators.

The Southampton plant is the only GM facility in Europe making air cleaners. GM told the unions that losses at the plant had built up to between £4m and £5m a year and were jeopardising the air filter manufacturing operations there.

GM has only just completed an initial round of job cuts in its AC Delco component operations. These involved 370 voluntary redundancies at the Kirkby plant which makes fuel pumps and instruments, as well as alternators.

Another 90 jobs were lost at the Dunstable plant which will also be affected by the decision to end spark plug manufacture.

However, because this operation has been chopped back severely in recent years, only about 40 people are directly employed making spark plugs. They will be found alternative jobs as a result of a £5m investment programme at the plant mainly to produce small electric motors for use in vehicles.

GM's latest moves will do nothing to calm the fears of trade unionists who fear a slow demise of its UK operations. The group is also in the process of cutting the workforce at its Vauxhall Motors subsidiary by 5,700 — about one in five of the 29,000 previously employed.

However, GM recently injected a further £105m into Vauxhall to cover last year's losses. It has approved capital investment totalling £75m for the next three years.

General Motors workers angry, Page 6

Ford sells HQ, Back Page

OECD support to Turkey likely to total $1bn

BY TERRY DODSWORTH IN PARIS

THE U.S. GOVERNMENT is to increase its aid to Turkey by $55m (£26.14m) this year as part of a new $940m package of loans and direct grants agreed in Paris yesterday by 17 members of the Organisation for Economic Co-operation and Development (OECD).

West Germany, another leading supporter, will cut its contribution by DM 100m (£20.69m).

The deal is less in real terms than the $1.16bn of credits advanced by the OECD group last year, and also falls a little short of the $1.1bn that Turkey had originally requested.

But three members of the Turkey Aid Committee which have not yet pledged new funds — Sweden, Switzerland and Austria — are expected to come up with their own offerings in the next few weeks. These will probably bring the total package of loans, export credits and direct grants to about $1bn.

Yesterday's meeting was attended by Mr. Turgut Ozal, the Turkish Deputy Leader, who gave an optimistic report on his country's economic and political progress.

Commenting on his address, the donor countries said they

Continued on Back Page

National savings set for record

BY TIM DICKSON

National Savings got off to a bumper start in the new financial year and their success is causing building societies considerable concern.

Preliminary estimates suggest that in the four weeks since April 6 almost £500m gross has been raised through sales of the 19th issue of savings certificates and the new index linked "granny" bonds which are now available to all savers over 50.

Official figures for the whole of April are expected shortly but with the contribution of the National Savings Bank Investment account still to come, the National Savings movement now looks certain to beat the record monthly net inflow of £431m set in January.

Net building society receipts for April are expected to be about £200m, more than earlier feared but still well below what is felt necessary to meet mortgage demand in the next few months.

Some leading manager are now convinced that the Government will meet its target of £3bn from National Savings in the financial year well before Christmas.

The official line is that while April has undoubtedly been buoyant and May is also likely to be good, it is too early to look further ahead.

The 19th issue, with a tax-free 10.33 interest rate has been selling well—last week it pulled in at least £120m. But the issue will no longer be on sale tomorrow and it will be replaced by the new 21st issue carrying a 9.02 interest rate.

Furthermore, interest paid on the National Savings Bank Investment Account has recently been reduced from 15 per cent gross to 13 per cent.

What worries the building societies, is the new lower age limit for the "granny" bonds. The societies are unable to offer an index linked tax free alternative and fear that this issue is only just beginning to make its impact.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

CC CHIEF PRICE CHANGES
(Prices in pence unless otherwise indicated)

RISES

Exchqr. 14pc 1984	£100¼	+ ¼
Amal. Dist. Prods.	62	+ 5
Brown (M.)	172	+ 8
Cornell Dresses	143	+ 8
Dunlop	75	+ 3
Kellock	40	+ 6
Peters Stores	138	+ 8
Polly Peck	275	+ 23
Ransome Sims	202	+ 7
United Engineering	200	+ 15
KCA	174	+ 6

FALLS

Aberdeen Constrcn.	182	− 14
Allen (W. G.)	54	− 8
Blue Circle	476	− 10
Bowthorpe	160	− 13
Dixon Photographic	170	− 8
English China Clays	113	− 6
European Ferries	152	− 8¼
Ferranti	485	− 15
Glaxo	346	− 8
Hawker Siddeley	322	− 8
Hepworth Ceramic	126	− 8½
M. K. Electric	215	− 17
Metal Box	198	− 6
P. & O. Deferred	146	− 10
Ready Mixed Con.	198	− 11
Reckitt & Colman	234	− 8
Redland	172	− 16
Sainsbury (J.)	412	− 13
Stand. Telephones	460	− 43
Steetley	208	− 6
Tarmac	402	− 14
Tilling (T.)	178	− 9
Unitech	250	− 12
BP	388	− 6
Shell Transport	384	− 6
Tricentrol	254	− 8
CRA	231	− 13
Poseidon	218	− 9
Western Mining	270	− 10

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EUROPEAN NEWS

Robert Graham writes from Madrid on a terrorist organisation so enigmatic even its politics are unknown

Spain gropes among the shadows for the riddle of Grapo

GRAPO RANKS as one of the more curious acronyms adopted by a terrorist organisation. Translated, it stands for the First of October Anti-Fascist Resistance Groups. The title refers to October 1, 1975, the day of Gen. Franco's last political appearance.

The occasion was marked by the killing of four policemen by this hitherto unknown group. Its emergence at this moment in the twilight of the Franco era set the stamp on all its subsequent actions. Grapo has always acted at crucial moments of the transition to democracy.

No-one has been able to pin down its precise ideology or indeed its aims. From the beginning it has remained a shadowy organisation. The sole consistent element in its activities has been an apparent desire to destabilise the country.

BOMB SCENE: Crowds gather near the wrecked car that was carrying Lt. Gen. Joaquin de Valenzuela (right), King Juan Carlos' chief military aide. Three soldiers were killed. The general was gravely wounded

Until yesterday's killings, Grapo is believed to have been responsible for 29 assassinations. The targets have varied from army Generals, to municipal policemen, judges and a director general of prisons. Police have also arrested alleged members of Grapo, accusing them of bombing a Madrid cafe in May, 1979.

There are three theories about Grapo's operations. The first is that it is a revolutionary group of the left in the style of the Red Brigades in Italy. The Brigade's strategy is to attack the state and its symbols. These attacks then provoke repressive measures which in turn produce a popular reaction.

In this role, Grapo is said to act on behalf, or in coordination with, the militant Basque separatist organisation, ETA.

The second theory is that Grapo is a revolutionary group being manipulated by outside powers to carry out destabilising actions against the right or the left in Spain. The outside powers mentioned are the Soviet Union and its East European satellites.

The third is that Grapo is a revolutionary group, with a radical leftist ideology which has been either infiltrated by or even set up by right-wing elements in the security services which are determined to discredit democracy.

There is general agreement that Grapo members have been largely drawn from fringe affiliates of the Spanish Communist Party which formed a splinter organisation—the Reconstituted Spanish Communist Party. Its orientation was Marxist-Leninist.

The main recruiting area for Grapo has been from depressed rural areas like Galicia and from poor working class families. There appears to be a total absence of intellectuals among its ranks—an important distinction from ETA—and several have graduated from common crime.

The kidnap of Sr. Antonio Maria Oriol, head of the Council of State, and of Gen. Villaescusa, head of the Supreme Council of Military Justice in December, 1976, on the eve of the first major referendum to endorse post Franco political reform, highlights the ambiguities of Grapo. After a brief and tense wait, the victims were mysteriously found alive and well by Sr. Roberto Conesa, the head of Spain's equivalent of the Special Branch.

The trial of those Grapo members allegedly responsible for the kidnap was marked by the following incidents: Sr. Conesa pleaded indisposition to give witness due to a cold. Another key member of the security services failed to turn up. Sr. Rodriguez Ramon, Director General of Security at the time of the kidnap, could not testify because of an assassination attempt.

In June, 1979, a leading member of Grapo, Sr. Delgado de Codex was killed in a little-explained shoot-out with members of the Special Branch. Sr. Delgado de Codex had previously been given amnesty after being charged with killing two policemen. The amnesty was subsequently considered "an error."

Again, there was an incident in December, 1979, when five of the Grapo group managed to escape from a maximum security prison in Zamora. One of them has been identified as responsible for the killing of two Guardia Civil in Barcelona this week.

Police have announced, on no less than six occasions since July 1976, that Grapo has either been "dismembered" or "dismantled." But it has always managed to resurface.

Intelligence sources claim there are no more than 10 active commandos and less than 20 information commandos. Their actions show much less preparation than ETA and are more risky.

It is considered unlikely that ETA would want to be even tactically associated with a group that th police have publicly admitted to have been infiltrated by the security services. Equally, democratic policemen doubt the thesis that there is outside manipulation.

It is hard to escape the conclusion that Grapo plays into the hands of the extreme right, even if it is not actually manipulated by it.

Deminex seeks new Federal funds to underwrite exploration plans

BY KEVIN DONE IN FRANKFURT

DEMINEX, the state-sponsored West German oil and gas exploration company, is seeking major new financial commitments from the Federal Government to underwrite its exploration programme during the first half of the 1980s.

Despite the squeeze on Government spending, Deminex made clear yesterday that it will need about DM 1.6bn (£340m) in the years from 1982-85 to finance its exploration programme.

The funds will have to come partly from the state, which has already provided DM 1.9bn of exploration risk capital for the period from 1969 (the founding of the company) to 1981, and partly from its company shareholders.

Stakes in Deminex, which was first promoted by the Federal Government as a way of belatedly establishing domestic West German expertise in oil and gas exploration and production, are held by Veba (54 per cent), Wintershall, (18.5 per cent), UK Wesseling (18.5 per cent) and Saarbergwerke (9 per cent).

Deminex aims to achieve an annual crude oil production rate of 8-10m tonnes by 1990. Last year, output totalled 2.3m tonnes and was almost solely accounted for by the Thistle Field in the UK sector of the North Sea, in which it holds a 41 per cent stake.

Production will receive an important boost in the first half of next year when output begins in the North Sea Beatrice Field, where Deminex also holds a significant stake, and in the Egyptian Ras Budran field in a second commercial offshore field in the Gulf of Suez, where production should start in 1982/83.

So far, Deminex has spent DM 1.65bn on field development programmes and DM 1.35bn on exploration. The shareholder companies have provided some DM 900m in exploration risk capital alongside the DM 1.9bn that has come from Federal funds.

Over the five years from 1981-85, it foresees expenditure of DM 2.1bn on exploration and DM 2.5bn on field development, all of which is needed to secure the long-term production goals.

Its latest expansion overseas has come with the agrement of an exploration contract with Abu Dhabi. Deminex has 55 per cent of and is operator for a consortium which includes Charterhouse and Menco. They are paying $50m minimum exploration costs over the next eight years to search for oil and gas in a 1840 sq kms offshore tract in the Gulf.

Bonn to call for early end to steel subsidies

By Jonathan Carr in Bonn

WEST GERMANY will press its EEC partners to accept an even earlier deadline for ending subsidies to the steel industry than the date of mid-1983 already under discussion.

Count Otto Lambsdorff, the Economics Minister, made clear in a newspaper interview yesterday that he would make the demand at next Tuesday's Council meeting in Brussels.

He did not specify a new deadline, but he did repeat his warning that if subsidies in other EEC countries were not removed within a "reasonable period," then Bonn would press the EEC Commission to impose a border tax to protect the German steel industry from imports of subsidised products.

"In view of the serious situation of the German Steel industry, the time for tactical games is over," Count Lambsdorff declared.

His tough comments reflect growing pressure from the German steel industry, which feels itself at an increasing competitive disadvantage because of the higher level of state aid given to steel companies in other EEC member states.

The Germans have not said they would introduce a border tax themselves if the Commission failed to comply with their request—a national step which would probably be in defiance of the Coal and Steel Community treaty.

However, it has been noted at high government level that there are many administrative possibilities on stemming steel imports to Germany without actually breaking the treaty.

Meanwhile, another round of talks in Bonn has failed to bring a breakthrough for establishment of a new, voluntary system of steel production quotas in Europe.

Count Lambsdorff and Viscount Etienne Davignon, the European Commissioner responsible for industry, met yesterday with European steel leaders.

The main problem is understood still to be the insistence of Germany's Kloeckner Werke on a higher production quota.

U.S. accord with Japan brings Brussels to boiling point

BY JOHN WYLES IN BRUSSELS

ANXIETY and irritation at the top of the European Commission about the Reagan Administration's handling of U.S.-EEC relations has been brought to boiling point by last week's agrement binding Japan to peg its motor-car exports to the U.S.

It is understood that M. Gaston Thorn, the Commission President, stressed general concern on the need for consultation with the EEC on trade during a brief meeting here with Gen Alexander Haig, the U.S. Secretary of State, this week.

But the concern goes much deper than M. Thorn's diplomacy implied and contrasts oddly with th general satisfaction among America's Nato allies in Europe on the priority the Reagan Administration is giving to foreign policy co-ordination and consultation.

Brussels feels the Administration has nto yet grasped the need to consult on issues, particularly trade, handled at a Community level.

In the last few weeks, feathers have been ruffled here by the absence of consultation on the lifting of the partial U.S. grain embargo against the USSR and the delay which Washington's muscular approach imposed on sending emergency EEC aid to El Salvador.

But the U.S.-Japan car agreement shows the most serious disregard for Community interests because it undermines progress made with the Carter Administration towards developing a co-ordinated political attempt to turn back the tide of imports of sensitive products from Japan.

Officials here claim they were kept in the dark during the recent discussions on car exports between Washington and Tokyo. The resulting agreement is seen as posing an enormous challenge to the EEC's credibility with Japan which, it is acknowledged, the Community may fail to meet.

The Commission has already decided to seek an arrangement on cars analogous to the one Japan has just conceded the U.S.

It has yet to win member states' approval for such a meve and there are fears that the divisions among the Ten are too great for it to secure a Community-wide initiative.

This is because France and Italy have their own national restrictions on Japanese car sales while the UK already has a voluntary restraint arrangement.

Jonathan Carr adds from Bonn: Chancellor Helmut Schmidt, has warmly praised the U.S. for its readiness to consult closely with its allies, and for helping make the recent Nato Ministerial conference in Rome a success.

His comments in the Bundestag yesterday reflect improved Bonn-Washington relations, and serve to prepare the ground for Herr Schmidt's visit to the U.S. in a fortnight's time.

The Bonn Government was greatly relieved that the U.S. declared in Rome it was ready to resume talks on intermediate-range missiles with the Soviet Union by year's end.

Herr Schmidt has faced strong pressure from parts of his Social Democrat Party (SPD) on the missiles issue and, until Rome, it remained unclear whether the U.S. would be willing to set even an approximate date for talks with Moscow.

However, Bonn recognises that several other key fields of U.S. foreign policy have not yet been settled. It also remains worried by U.S. economic and financial policy, which, it is feared, could mean high interest rates in U.S. and Europe for months to come.

Devaluation of D-mark 'curbs improvement'

By Leslie Colitt in Berlin

Herr Helmut Schlesinger, vice-president of the West German Bundesbank, said the continuing devaluation of the D-mark is reducing chances of an improvement in the current account. The Bundesbank directorate in West Berlin has made no moves toward raising German interest rates.

Herr Schlesinger said the seasonally adjusted current account deficit in the first quarter of this year rose to DM 10.5bn (£2.2bn) against DM 9.2bn in the last quarter of 1980.

He called the domestic consequences of the D-mark's devaluation disturbing, especially as prices were rising faster than expected. West Germany's gross domestic product, however, increased in real terms in the first quarter and there was "no evidence" of a deepening recession.

The Bundesbank vice-president reiterated his recent criticism of the Bonn Government for attempting to decrease the current account deficit by greater borrowing abroad. He said public spending must be reduced or the "situation will worsen"

W. German industrial production falls 3%

BY STEWART FLEMING IN FRANKFURT

INDUSTRIAL production in West Germany fell sharply last month, by 3.5 per cent, the Economics Ministry reported yesterday.

The decline follows sharp increases in new orders (particularly from abroad) in the first two months of the year, which had raised hopes that the slowdown in the economy was bottoming out.

The latest figures coincided with a warnings from the Ifo economics institute—based on the results of a survey of major companies—that there is evidence to suggest that capital spending is flagging.

Hitherto capital investment has been one of the strong points of the German economy. Ifo suggested that capital spending will stagnate this year and could show a 4 per cent decline in real terms in 1982.

The new orders figures follow the release of data earlier this week which also pointed towards continued economic weakness and tended to reinforce fears that the anticipated mid-year recovery will not materialise.

Unemployment in April, for example, fell from 5.2 per cent to 4.9 per cent. But the decline was only seasonal and, seasonally adjusted, the numbers of jobless increased. Industrial production in March, like March orders, also declined sharply, by 4.5 per cent.

The new orders figures coincided with a closely-watched meeting of the Central Council of the Bundesbank.

There had been fears in Frankfurt's financial markets that in view of the recent weakness of the D-mark, the Central Bank might act to raise interest rates.

The weakness of the D-mark and the rise of dollar interest rates have already had a substantial impact on the level of German interest rates. Thus, since the beginning of the month, medium and long-term bond yields have risen by about one half of a percentage point and are between one and two percentage points higher than they were at the beginning of the year.

EEC foreign policy talks start

BY OUR BRUSSELS CORRESPONDENT

STREAMLINING the EEC's foreign policy machinery, a major ambition of Lord Carrington and Herr Hans Dietrich Genscher, of West Germany, will be discussed by Community Foreign Ministers at a meeting in the Netherlands this weekend.

Talks will focus on a confidential report outlining the possibilities for change.

Although discussions may be limited because of Sunday's French presidential elections, the report marks the beginning of an attempt to create a new basis for EEC foreign policy decision making.

After several weeks' work, senior officials from the Ten's Foreign Ministries have produced a document containing three broad options

Minor modifications and improvements could include a new crisis management system, urged by Lord Carrington, which would bring the Ten into prompt consultation at official level to respond to major shocks as the Soviet invasion of Afghanistan.

It is also suggested that similar meetings could take place between the ambassadors of the Ten in non-EEC countries.

A third option would be to draw up a new report on political co-operation which would build on two previous reports, Luxembourg, 1970, and Copenhagen, 1972, which established the principles and guidelines of the present arrangements.

Lord Carrington and Herr Genscher appear to favour a new departure at least as radical as this which would not only create new machinery but also obligations to develop foreign policy cohesion.

They are thought, however, to be uncertain about the political possibilities of going as far as the last option.

This involves a new treaty which might be the vehicle for a new impetus to domestic EEC policies as well as external ones.

Harmonising foreign policies is not covered by any EEC treaty, nor is it underpinned by a Community institution. Any changes must strike a balance between the fear of small member states of excessive dominance by the "big three"—France, West Germany and the UK—and the desire of these big governments to enjoy the benefit of close co-ordination without sacrificing their freedom of independent action.

Czechoslovak police arrest 30 dissidents

By Our Foreign Staff

Mr. Jiri Hajek, the Czechoslovak Foreign Minister during the 1968 "Prague Spring" has been arrested, together with seven other prominent supporters of the Charter 77 dissident movement, in a crackdown by Czechoslovak security police.

According to Czechoslovak emigree sources over 30 people in total have been arrested, mainly in Prague and Brno.

According to the official news agency, Ceteka, two foreigners have also been arrested on suspicion of bringing subversive literature into the country

The French Embassy in Prague named the two foreigners as Francois Amis and Giles Thonon, both French citizens.

The wave of arrests is believed to be connected with the arrest of the two French citizens.

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THE BEGIN-SCHMIDT ROW

W. Germans resign themselves to Hitler's legacy

BY JONATHAN CARR IN BONN

QUESTION MARKS have long hung over the prospect of eventual normal relations between West Germany and Israel, as they have over Germany's ability generally to conduct a foreign policy which is not burdened by the Nazi past.

Over the years it had seemed possible for the West Germans gradually to give more positive answers to both questions (although Chancellor Helmut Schmidt remained one of the sceptics).

Hence the deep dismay with which many are now reacting to the outspoken attacks on Herr Schmidt by Mr. Menahem Begin, the Israeli Prime Minister.

Initial shock and anger is giving way to resignation — the feeling that, nearly four decades after the war's end, the mortgage of the Hitler era remains almost as great as ever.

It is not Mr. Begin's harsh remarks in themselves which have caused the most lasting concern here. It is more the signs that other politicians, as well as much of the Press and public opinion in Israel, seem to share the same basic views about the Germans, even if some are unhappy about the terms Mr. Begin used publicly.

Chancellor Helmut Schmidt has appealed for a spirit of moderation and co-operation in West German-Israeli relations, in a public effort to lower the temperature after sharp attacks on him by Prime Minister Menahem Begin.

Herr Schmidt told the Bundestag yesterday he would not go into the charges made on him by Mr. Begin, "above all because I am, will be, and have always been, aware of the special moral and historical quality of German-Israeli ties."

The Bonn Government spokesman had alreadey described the attacks as "misleading and insulting," Herr Schmidt said. There was no more to add.

Noting that yesterday was the 33rd anniversay of tha foundation of Israel, Herr Schmidt stressed his wish that the Jewish State and its Arab neighbours would soon achieve a comprehensive and lasting peace.

Mr. Begin: laid bare a depressing reality

Herr Schmidt: always a sceptic

One liberal German newspaper said simply that "nothing has been forgotten or forgiven." In fact it would be very hard indeed to find any Germans who expected the Israelis to forget. But there were many who felt the two sides had slowly come closer to understanding and respect.

The payment of reparations to Israel and the lifting by the Bundestag in 1979 of any time limit on prosecution of Nazi crimes were, it was felt, just two signs that the Federal Republic was doing what it could to make up for the damage of the past.

At a memorial service three years ago in Cologne for Jewish victims of the Nazis, Herr Schmidt stressed that a "monstrous collective crime" had been committed. But he appealed to all Jews to have sympathy for "our second German democracy." A moving and conciliatory speech on the same occasion by Dr. Nahum Goldman, president of the World Jewish Congress, seemed to indicate that that appeal was not in vain.

Now, for many Germans, Mr. Begin's remarks and the evident support for them have not just put the clock back but laid bare an underlying and depressing reality.

The Germans are being forced to admit once again that foreign policy options available to the U.S., Britain and France are simply not open to the Federal Republic

This has emerged with special clarity now because of the sensitivity of Bonn-Jerusalem relations and the fierce debate on whether German Leopard-2 tanks should be delivered to Saudi Arabia. It also raises the question of what the German contribution to Western efforts to safeguard the Gulf area can be, if historical, moral and constitutional reasons rule out provision of either German weapons or troops.

But there is a wider point too. Herr Schmidt often used to be described as the first post-war German leader not to suffer policy constraints imposed by the burden of guilt from Hitler's Reich. His trenchant style and pramatism have often seemed to support this, but, in practice, the pressures of history remain strong. It is extraordinarily hard for the Germans either to launch new foreign policy initiatives alone or overtly to press their national interests in the European Community—even now.

To do so is to risk the kind of public reaction in neighbouring countries, albeit probably less intense, which has now emerged in Israel.

M. Lalonde: no deals

A taste of power for France's ecologists

By Terry Dodsworth in Paris

"THE HUNT for the ecologist vote is open," declared M. Brice Lalonde, the movement's leader, as he settled firmly onto the ideological fence between President Giscard d'Estaing and M. Francois Mitterrand last week. "There will be no deals and no instructions on how to vote in the second round. It is up to the two candidates to attract individual ecologists by responding to our demands."

It is a measure of the suddenly increased importance of the ecologists that each of the two remaining candidates in the French Presidential election have rushed to answer M. Lalonde. The redistribution of his first-round support—some 1,126,000 votes, or about 4 per cent of the total—will be important, and might even be decisive, in determining which of the two wins in the second round on Sunday.

A few weeks ago, few people would have given the ecologists much chance of getting this far. M. Lalonde, a 34-year-old journalist whose habitual scarf and crumpled corduroys give him the air of the eternal student, was having great difficulty collecting the 500 signatures from elected representatives necessary to enter the presidential lists.

His candidature, launched on the basis of a fragile alliance between the two main environmentalist parties in France, was being challenged by various splinter groups; and the election drive, starved of funds and resources—"We are financed by FFr 100,000 worth of debts," M. Lalonde says — looked doomed to run out of steam

But the results of the election's first round have belied the amateur ecologist image. For the first time, the movement has established itself nationally. Its support is now evenly spread around France and is no longer concentrated on particular local trouble spots

It has widened its platform towards becoming a fully fledged political organisation. "If we had simply remained syndicalists for the environment we would have lost support," M. Lalonde argues. "But we have become the fifth political force in France with policies designed to check growth while breaking up the present authoritarian power structures."

This more widely based political approach is very much the work of M. Lalonde and reflects his belief that an improved environment can only be achieved by a low-growth, low energy-consuming economy. According to the ecologists, the creation of this sort of society will in turn demand institutional changes, because the powerful French decision-making machine marginalises democratic opposition much more than in the rest of Europe.

Hence the ecologists' three key demands—a halt to the nuclear industry, the adoption of proportional representation and the introduction of popular referendums—include two constitutional measures which would help a minority group like themselves.

This weekend's voting will show how deep this political message has sunk in. The ecologists undoubtedly collected a large number of uncommitted protest voters in the first round. They also retain an unpolitical, naturalist wing whose only marching for the movement will be around the local beauty spots. These supporters could wander anywhere in the second round.

But for the new, Lalonde-style ecologists, M. Mitterrand must be the best choice. Although President Giscard has published a 17-page document outlining his extensive efforts to clean up France, he remains hampered by his all-out nuclear power programme, which he recently described as one of the two most important achievements of his Presidency.

M. Mitterrand, on the other hand, had promised to think again on the further development of the nuclear industry, particularly the fast-breeder reacter, and has shown himself markedly sympathetic towards more local democracy. Given these arguments, promises and straight political fudges, a veteran ecologist was this week forecasting that the movement would vote 50 per cent for M. Mitterrand and 25 per cent for President Giscard. The rest, he said, would drop out.

Kathryn Davies visits Kampuchea and finds that the people of that devastated country are at last picking up the threads of their torn lives

Phnom Penh turns out for a day at the polling booth

BY 8 am on May 1, makeshift polling stations in the Kampuchean capital, Phnom Penh, were doing brisk business. The city's drab, decaying and rubbish-filled streets had been partially cleaned by an army of civil servants and festooned with red banners bearing political slogans.

On the ground floor of a disused shophouse, an elderly Buddhist nun gravely stepped into the privacy of a voting booth and then emerged, with a wide toothless grin, to deposit her folded paper in a large red ballot box.

Last week's election for a new Kampuchean national assembly has been denounced as fraudulent by virtually the entire non-Communist world. But the citizens of Phnom Penh clearly enjoyed their rare chance to participate in the democratic process, however ephemeral the result might be.

The Khmer people have recently had little cause to enjoy themselves. Alternatively used and betrayed by Vietnamese Communists, bombed and invaded by Americans and massacred in their hundreds of thousands by the Khmer Rouge regime, the survivors are slowly picking up the threads of their torn lives. Although Vietnam invaded Kampuchea in December 1978 for reasons of self-interest — the Khmer Rouge had been staging bloody raids across the Vietnamese border — they did succeed in freeing the Kampucheans from a regime of absolute terror. In the past two years, the economic well-being of ordinary people has improved immeasurably.

Thanks to relief efforts by the international aid agencies, the Soviet Union and other East European countries and Vietnam *itself*, Kampucheans are by and large adequately fed. Last year's rice harvest was almost double that of 1979. According to both the UN Food and Agriculture Organisation (FAO) and the Phnom Penh Administration, this year's shortfall in locally produced rice will be in the region of 200,000 tons out of a total need of 900,000. But aid workers believe that by 1983 Kampuchea will be self-sufficient in grain production.

During the Khmer Rouge era, people were forbidden to grow and harvest their own food. Now villagers are encouraged to grow fruit and vegetables on their own small plots and to market surpluses. Fish, a staple of the Kampuchean diet, is once more in plentiful supply.

Bright clothes have replaced the onimous black garb of the *Khmer Rouge years. A free* market still flourishes despite official claims that Kampuchea is moving towards socialism. As a result a few entrepreneurs have become rich by Kampuchean standards.

Crime has increased to suit this fledgling consumer society. Two people were shot dead in the capital last month by thieves who stole their brand-new motor-cycle. A cartoon in the local government newspaper warns people to beware of bag snatchers. The management of a hotel for foreign visitors warns frankly that valuable belongings have frequently been stolen from hotel guests. There are random and seemingly motiveless acts of violence—a hand grenade thrown in a cinema, a minor *shoot-out between two groups* of soldiers at the railway station.

The enthusiasm of many Kampucheans in both town and village for the panoply of electioneering last week was undoubtedly genuine. No-one in Phnom Penh was forced to the polls at the point of a Vietnamese or Kampuchean gun. All the outward formalities of a genuine ballot were scrupulously even ostentatiously observed.

The public sealing of the demonstrably empty ballot box before voting began, the secret voting booths, the laborious counting of votes were evidence of the regime's concern. But what was missing was a genuine choice of opposing views. Most of the candidates had previously been elected at local level and all were committed to follow the Heng Samrin path of socialism. Those who did not want a Communist Government, or even the unknown number who still claim allegiance to the unpredictable Prince Sihanouk —ousted by the Khmer Rouge —had no chance to make their voice heard. The Heng Samrin regime points out that democratic freedoms under the Khmer Rouge and before that under the autocratic Royal Family were conspicuous by their absence.

"If we had ever been able to win our rights through the ballot box," Han Sen, the Foreign Minister, said. "We might be more amenable to letting our enemies stand in our election." But the fact is that Kampucheans have been offered as little choice as the citizens of any totalitarian state. The election was held mainly to consolidate the position of the Heng Samrin administration and the new National Assembly will be virtually powerless.

The countries belonging to *ASEAN — the Association of* South East Asian Nations—as well as other non-Communist Governments long-argued that the elections were a farce and that the Heng Samrin regime is just a Vietnamese puppet.

Yet the shadowy men who comprise the Phnom Penh Government are beginning to emerge as figures of more substance, thanks in part to the election. The draft Kampuchean constitution which is said to have been sent back to Vietnam three times for amendments, still carries a number of surprisingly liberal provisions for a Communist state in embryo. Property and land, in limited amounts, can be *privately* owned and passed on to heirs, for example.

But Hanoi has no intention of pulling out. Its own shaky political and economic structure could not tolerate a hostile regime in Phnom Penh. The bulk of the 200,000 Vietnamese troops in Kampuchea will remain close to the Thai border confronting the remnants of the Khmer Rouge. Hanoi cannot afford to relax its grip while China continues to supply arms to the Khmer Rouge and, more recently, to the anti-Communist insurgent leader, Son Sann.

Although the number of Vietnamese civilian advisers is diminishing, particularly at the middle and lower levels of Government, around 1,000 will remain in Phnom Penh for the forseeable future at senior levels and preparing the Kampuchean cadres for the emergence of a fully-fledged Communist Party — probably later this month.

So far, the new Kampuchean authorities have steadfastly referred to "the Party" and seem aware that to use the word Communist would invite mistrust and fear from the majority of the people who associate Communism solely with the Khmer Rouge.

An important stage in the consolidation of Kampuchean, as distinct from Vietnamese, authority will be the party congress at which Pen Soyan, the Vice-President and Defence Minister, Say Phouthang, who heads the party's equivalent of a central committee, are likely *to emerge on top*. Their interests, at present, coincide with those of Vietnam.

But the Vietnamese are concerned at the Kampucheans' lack of enthusiasm for the austere discipline of their mentors. "Only in the Pol Pot years did we work harder than the Vietnamese," says a surviving member of the Kampuchean middle class. Over the New Year, the sound of revelry from the many parties in Phnom Penh could be heard on several consecutive nights as could the Western pop music which generally accompanied it. Hanoi's experience since 1975 in trying to convert an obstinate South Vietnam to true *socialism* will no doubt act as a lesson.

Many Kampucheans are leaving, fleeing at great risk across the border to Thai refugee camps. Some are people Kampuchea can ill afford to lose— the few qualified doctors, at least 10 medical students in the past few weeks. They are not leaving, as apologists for the regime claim, because the economic grass is greener in the West. They are leaving because they do not want to live in a Communist society and because they fear that if they wait to see if Kampuchea actually becomes one, it will be too late.

For those who stay, Vietnam has its greatest propaganda weapon in the 30,000 Khmer Rouge guerrillas on the Thai border. Of Kampuchea's many appalling experiences in recent years, the Khmer Rouge atrocities were the worst. For most Kampucheans the manoeuvrings of ASEAN, the U.S. and China seem to be a cynical betrayal of the Kampuchean people. A "united front," cobbled together by ASEAN against the Vietnamese, and composed of the Khmer Rouge, Sihanouk and Son Sann will inevitably be dominated by the Khmer Rouge. Two years after the Vietnamese invasion, Kampucheans find themselves caught between two evils.

Phnom Penh motorcyclist guards against a tyre shortage

Syrian troops 'moving closer to Lebanon-Israel border'

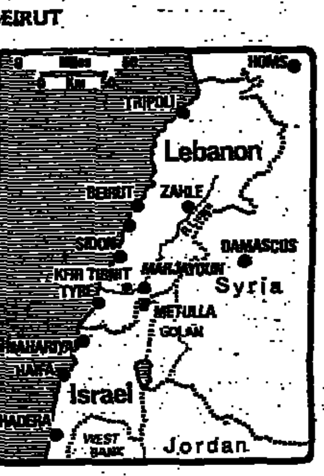
BY ANTHONY McDERMOTT IN BEIRUT

THE CHANCES of Mr. Philip Habib, President Reagan's special envoy to the Middle East, finding a solution to the Lebanon crisis were rated here yesterday as extremely slim. The mood of pessimism was heightened shortly before his arrival last night by unconfirmed reports that Syria had moved two armoured brigades closer to Lebanon's border with Israel.

There was no immediate Syrian or Israeli comment on the reports, quoting Lebanese officials. They said Syria had deployed 4,000 troops together with tanks and armoured cars in three areas south of the Zahrani River, which is the national line beyond which Israel has insisted that Syrian troops must not penetrate.

At the furthest point of the advance the reports *said*, Syrian troops were only about eight miles north of the Israeli town of Metulla.

Mr. Menahem Begin, Israel's Prime Minister, has already warned Syria that it must remove the Sam-6 and Sam-3 missiles it has deployed in the Bekaa valley near the town of Zahle. The Israeli Premier said on Wednesday that time was running out and suggested that Israel was restraing itself from taking military action only at the personal request of Mr. Reagan.



After talks with Lebanese Government leaders, Mr. Habib is due to go to Damascus for talks with President Assad and to Jerusalem to see Mr. Begin. It is thought that his mission will mainly be to listen and that he is not empowered to negotiate.

The most that diplomats expect *from his trip* is that it will buy time for the U.S. and the Soviet Union to agree on some formula which will permit the withdrawal of *the* missiles, coupled with an Israeli commitment to show restraint in its interventions in Lebanon.

Mr. Habib, accompanied by Mr. Morris Draper from the State Department, was taken in a heavily armed convoy from Damascus to Beirut yesterday afternoon. Beirut airport remains closed due to repeated shelling.

Mr. Georgi Korniyenko, the Soviet first deputy Foreign Minister, continued his talks with leading Syrian officials in Damascus yesterday. President Assad meanwhile presided over a meeting of the National Progressive Front, the organisation which brings together those political forces permitted to operate in Syria.

The Syrian Government newspaper Tishrin again rejected Israel's demands for the removal of the missiles yesterday. It said that Israel's call was linked to the arrival of Mr. Habib and accused Mr. Begin of trying to blow up the situation in Lebanon.

The Soviet news agency Tass said the purpose of Mr. Habib's trip was to give "diplomatic support to the brazen claims of Israeli leaders." It claimed that by trying to exert pressure on Syria, the U.S. was in fact *encouraging* Israel's plans for further aggression.

Australians win 3.6% wage rise

By Patricia Newby in Canberra

AUSTRALIA'S workforce was yesterday granted a 3.6 per cent pay rise by the federal Arbitration Commission. The rise will be worth about A$10 (£5.33) to workers on the male average weekly earnings of A$278.

The rise represents compensation for 80 per cent of the 4.5 per cent rise in the consumer price index for the six months October 1980 to March 1981.

It was the first granted by the Arbitration Commission under Australia's new centralised wage-fixing guidelines. The Commission announced that it would grant workers an automatic rise of 80 per cent of the CPI rise each April and review wages again each October to allow unions, the Government and employers to argue their cases for and against further rises.

Employer groups had opposed the automatic rise because of the continued union campaign for a 35 hour week.

Bureau of Statistics figures released yesterday show that unemployment in Australia in April fell to 5.5 per cent of the workforce compared with 5.8 per cent in March.

UAE workers go out on strike

BY KATHLEEN BISHTAWI IN ABU DHABI

THE UNITED Arab Emirates is presently experiencing its first-ever strike by UAE nationals working in the public sector. Large numbers in the northern part of the country failed to report to work on Wednesday as a protest over the Government's failure to include provision for pay rises in the federal Budget, announced earlier this week.

Local newspapers spoke of *mass absenteeism* in Government hospitals, schools and Ministers in Dubai, Sharjah and Ras Al Khaimah. Expatriate *workers attempting to enter* their offices were turned away by picket lines.

The reports did not use the word "strike," *for strikes*, as well as unions, are strictly forbidden by UAE law.

IRAN'S Prime Minister, Mohammad Ali Rajai, personally intervened yesterday in the dispute between Iran and Kuwait over an American-owned ship with a mainly British crew seized by the Iranian navy. The official Pars news agency said Mr. Rajai discussed the issue during a meeting with senior Foreign Ministry officials. The survey ship Western Sea is on charter to the Kuwaiti National Oil Company. It was seized at the head of the Gulf a week ago after Iran complained that it was operating in Iranian territorial waters. The ship is now at the Iranian port of Bushire. Some of the 19 crew, including 11 Britons, have been questioned by Iranian authorities.

The federal Budget this year allocated some DH 1.9bn (£238m) for subsidies and basic food items to offset the increased cost of living, but the employees appear to want larger wage packets more than *cheaper food*.

One of their greatest problems is high rents, as the housing allowances, paid to state employees have long been insufficient.

The strike has not yet spread to Abu Dhabi, where the financial situation of Government employees is worse than those of the northern emirates. Abu Dhabi is currently suffering an acute accommodation shortage and rents have rocketed in the last year.

Discontent among Abu Dhabi state employees has been building up for some time, and many teachers employed in the capital have applied for transfers to cheaper areas. Doctors and hospital staff are also resigning due to low pay.

UAE nationals make up only a tiny percentage of the Government's workforce, so the effect of any industrial action is diluted by foreign workers, who are themselves paid less than the nationals, often for the same job.

It is unlikely that the nationals' action would have been taken without consultation or even co-ordination with foreign workers, observers suggest.

Soviets offer nuclear help to Pakistan

BY OUR FOREIGN STAFF

THE Soviet Union is ready to supply Pakistan with nuclear power plants on the same terms it has agreed with other countries, according to the Soviet ambassador to Islamabad.

The ambassador, Mr. Vitaly S. Smirnov, told a local news agency that Moscow had also offered Pakistan assistance to develop nuclear and thermal power and for oil and gas exploration.

The offer, however tantalising it may appear in straight economic terms, is unlikely to be seen as attractive by President Zia-ul Haq's Government. Relations with the Soviet Union have been difficult since before the invasion of Afghanistan in January, 1980. The offer is likely to embarrass the military regime and provide useful political ammunition for opposition supporters of the late premier, Zulfikar Ali Bhutto, who have spoken out against confrontation with Moscow.

Nor would co-operation with Moscow on nuclear matters hasten Pakistan's perceived, but always denied, ambition to make a nuclear bomb. The Soviet Union has historically taken an even tougher stand on nuclear proliferation.

Western nations are not supplying nuclear exports to Pakistan, as Islamabad has failed to commit itself to the necessary safeguards—presumably the same terms that were referred to by the ambassador.

CAB ruling stirs coming U.S. aviation policy debate

BY IAN HARGREAVES IN NEW YORK

THE U.S. CIVIL Aeronautics Board (CAB) has reaffirmed its determination to outlaw price-setting conferences of the International Air Transport Association (IATA) on North Atlantic services to Europe.

The ruling was accompanied by strong protests from the State Department and the Department of Transportation that the CAB is meddling in foreign policy decisions.

Mr. Drew Lewis, Transport Secretary, wrote to the Board saying its action was "inconsistent with the President's responsibility for the conduct of foreign policy."

Partly in response to this censure, the CAB has delayed until September 15, implementing its ban on fare-fixing conferences on the North Atlantic.

The unfolding of this issue is an important straw in the wind for the future debate on U.S. international aviation policy, which has been the subject of grave expressions of concern by governments around the world.

In practical terms the issue appears rather fantastic. There have not been any IATA price-setting conferences on the North Atlantic for several years, since Mr. Freddie Laker's Skytrain undermined the pricing structure on those routes.

The big U.S. airlines, such as Pan American and TWA, which serve Europe, have become increasingly alarmed about the role the CAB is playing in liberalising competitive structures in international aviation.

Pan Am recently rejoined IATA although, like five other U.S. airlines, it is a member of IATA's trade association wing rather than the price-setting wing. Only Flying Tiger, a cargo airline, takes place in IATA price-determination meetings.

Mr. Drew Lewis, U.S. Transport Secretary

IATA's hope is clearly that the U.S. airlines will, as part of their push to head off CAB deregulatory moves in the international field, try to join IATA price conferences as part of their efforts to stem huge losses on their international business.

From the point of view of the rest of the world, the opening of a rift between the CAB and the Administration is interesting although it may amount to litle more than diplomatic rhetoric designed to apease foreign governments while the Administration works out its position on a complex issue.

Europe is divided about the question of air price deregulation, although there is certainly a growing feeling in some quarters that something must be done to stop the catastrophic losses in the industry. Last year, IATA estimates international passenger aviation lost $1.6bn in operating terms.

Mr. Knut Hammarskjold, director-general of IATA, said he was surprised and disappointed at the CAB ruling. Noting the Administration's comments he added: "It will be hard for foreigners to understand who in the U.S. Government is in charge of foreign policy."

Mr. Hammarskjold said oportunities still existed for international negotiations on price regulation in the industry, although the CAB's September 15 deadline was "arbitrary nd unfortunte" in the pressure it applied to governments wishing to take part in those talks.

Governments from Europe, South America and Africa have expressed a desire to thrash out the question of international air regulation with the Administration.

Teamsters to elect new president

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. ROY WILLIAMS from Kansas City is likely to be chosen as the next head of the Teamsters (truckdrivers), America's largest and most controversial union, succeeding Mr. Frank Fitzsimmons, who died of cancer in California on Wednesday.

Mr. Williams, like so many other past and present Teamsters leaders, has been linked in court documents by law enforcement officials with organised crime. He conceded last year he was under investigation by several grand juries.

With Mr. Fitzsimmons and 17 others, Mr. Williams was charged by the Justice Department in 1978 with "gross mismanagement" of the union's pension fund. This suit is still pending. He has been indicted on other occasions for embezzling union funds but never convicted.

The Reagan Administration is faced with a difficult dilemma in its relations with the Teamsters, who, under Mr. Fitzsimmons, broke with most other unions and endorsed Mr. Reagan's presidential candidacy last year. The President praised Mr. Fitzsimmons in an official statement after his death.

Mr. Raymond Donovan, the Secretary of Labour, came under fire during confirmation hearings earlier this year for allegedly having connived at illegal labour practices employed by the Teamsters in dealings with the New Jersey construction company with which he was associated.

It is felt Mr. Donovan needs to demonstrate a strong stand against union corruption by vigorously pursuing the pension fund suit, even if it involves the Teamsters' new president.

There are political and economic imperatives which argue in favour of the Administration remaining on good terms with such a powerful union.

Mr. Williams is believed to be quite sympathetic to the problems of the trucking industry, where several companies have refused to pay wage increases mandated by the existing contract this year.

Over the years, rank and file Teamsters members have tended to give a lot of licence to the union leadership, as long as they continued to win substantial pay awards. Both Mr. Fitzsimmons's immediate predecessors, Mr. Dave Beck and Mr. Jimmy Hoffa, served time in prison and Mr. Hoffa ran the union, through Mr. Fitzsimmons, from his cell. Mr. Hoffa disappeared in 1975 and is assumed murdered.

NY Times strike opens old wounds

By Ian Hargreaves in New York

JOURNALISTS AT The New York Times went on strike briefly yesterday in a contract dispute which again had brought into the open the presures on New York publishers to maintain a united front.

About 1,900 reporters, editors, clerks and other staff officially declared strike action yesterday morning after late night talks between The Times management and the Newspaper Guild broke down.

Later in the day a federal mediator said tentative agreement had been reached between the two sides, subject to ratification by rank and file members in meetings next week.

The two sides had earlier agreed monetary aspects of a new three-year contract, but management has taken a tough stand on a number of manning issues and the question of whether a dual rate pay scale—whereby staff who have joined The Times in the last three years are paid on a lower scale—should be continued.

The guild says it is determined to end the dual pay structure, which it regards as divisive.

Three years ago, the guild struck for 88 days. New York was without its three newspapers until Mr. Rupert Murdoch's New York Post broke ranks and settled with the striking unions.

That incident led to enmity between Mr. Murdoch and the publishers of The Times and the Daily News which has never been dissipated.

Daily News management said it would close the newspaper and lock out employees if the journalists' strike prevented publication of The Times.

The Post said unofficially it would follow the terms of any agreement reached between The Times and the guild—the problems of a dual pay structure are the same at all three newspapers—but has given no pledges about closing in support of a struck Times.

Bermuda dispute settled

BY KEITH HUNT IN HAMILTON

THE BRITISH colony of Bermuda was gradually returning to normal yesterday as a four-week strike ended in victory for 1,100 Government blue-collar workers and hospital staff.

The dispute, which brought the island to the brink of a general strike, is estimated to have cost the vital tourist industry more than $25m (£11.8m).

The island's beaches are deserted after tourists were ordered to stay away by the Tourism Department. Less than 1,000 visitors remain out of the usual 14,000.

Tourism officials face the task of luring visitors back, and have warned it will take at least two months for hotels to return to normal. "Effects of the disruption will be felt for the remainder of the year," said Mr. Colin Selley, tourism director. "The strike has been a disaster for tourism and the island's economy."

Thousands of workers gathered outside the headquarters of the powerful Bermuda Industrial Union as it was announced the blue-collar workers and hospital staff had won pay increases of about 20 per cent.

Fokker, Douglas plan attracts Japan

By Charles Smith in Tokyo

JAPAN is showing strong interest in the plan for Fokker and McDonnel-Douglas to build a 150-seat medium-range aircraft, although it is too soon to say that it would be willing to abandon its earlier plan to collaborate with Boeing in designing and developing a medium-range aircraft.

The attraction of the Fokker-Douglas project as viewed by the Ministry of International Trade and Industry (MITI) is that Japan might be able to join as a full partner, whereas any project involving Boeing is likely to be dominated by the latter.

Japan is a 15 per cent partner in the Boeing 767 project and has been promised "more than 15 per cent" in the tentatively labelled YXX project which was originally intended to group Boeing with two other partners in the development of a 150-seater airliner.

"More than 15 per cent," however, still seems to mean a good deal less than the "risk sharing partnership" in a new aircraft venture which the Japanese aircraft industry has been seeking. This is why MITI officials and members of the aircraft industry are looking hopefully towards the Fokker-Douglas venture.

Despite its admitted interest in the MDF-100 (as the Fokker-Douglas aircraft has been code-named) MITI claims to have a number of reservations, some of which it hopes to clear up in direct talks with Fokker or Douglas "in the near future."

Officials describe this project as "vague" in its present form, giving no indication of the aircraft's configuration other than the number of seats.

They also say that the mention of three alternative engines for the aircraft leaves them in doubt about which engine might be chosen. Japan has a strong interest in pushing the RJ 500, a low-fuel-consuming engine intended for medium-haul aircraft which is being jointly developed with Rolls-Royce.

A final Japanese reservation about the MDF-100 concerns the marketing capacity of McDonnell Dougles which is seen as being much weaker than that of Boeing.

EEC backs renewed MFA

By Brij Khindaria in Geneva

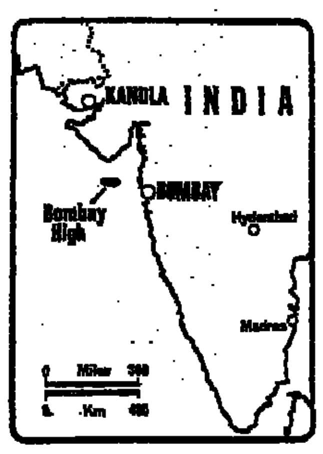
THE COMMON MARKET has reaffirmed its willingness to renew the multifibres arrangement (MFA) which regulates the world's textile trade and insisted that it wants to "maintain and foster" a viable domestic clothing and textile industry.

At the first meeting here to renew the MFA which expires at the end of this year, Herr Horst Krenzler, an EEC delegate, said any future arrangement should be based on a "progressive liberalisation of world trade in textile products, while at the same time ensuring the orderly and equitable development of this trade and avoidance of disruptive effect in individual markets."

Sr. Felipe Jaramillo, speaking for the developing countries, said Third World textile and clothing exporters wanted more access to industrialised country markets including those of the Community. Developing countries entered the negotiations to renew the MFA in "a positive tone," he added.

Bruce Andrews, in Houston, reviews New Delhi's oil and gas plans

India boosts energy drive



INDIA proposes to accelerate its offshore oil and gas development programme which will mean annual expenditure of $1bn (£434m) of public money for the next five years, according to Mr. P. T. Venugopal, chairman of India's Oil and Natural Gas Commission (ONGC).

In addition, acreage in prospective areas, where no exploration drilling has taken place, will be allocated shortly to international oil companies.

India's offshore oil production is 150,000 barrels a day from the Bombay High field, west of Bombay. Mr. Venugopal said this would increase to 340,000 b/d by 1983 and 400,000 b/d by 1985.

The accelerated activity required to achieve these objectives could mean that the Indian offshore oil province would soon become the third largest market in the world for offshore production equipment, surpassed only by the Gulf of Mexico and the North Sea. Mr. Venugopal was in Houston for the Offshore Technology Conference.

This ambitious plan involves stepping up production from Bombay High and bringing on stream other commercial discoveries made since exploration of India's waters began, eight years ago. The new fields are Ratna, Heera, Panna and Bombay High East. The Bassein gas field will also be developed to produce 10m cubic metres of gas a day.

India's recoverable offshore reserves are now estimated by the commission at 240-250m tonnes (1.8-1.875bn barrels) and 270bn cubic metres of gas. Only 91 wells have been drilled out, but, of these, only 35 have been dry—a high success ratio.

If the plans outlined come to fruition, India will more than match oil production to proposed industrial development. With onshore production, it produces 50 per cent of its oil requirements. This percentage is expected to rise to 60 per cent by 1985. Offshore oil production costs are estimated by the commission at about $6 a barrel.

There are 18 steel platforms installed offshore—two process platforms and 16 drilling platforms — at water depths averaging about 80 metres. The number of platforms is planned to be increased to 77 by March 1985—an average installation rate of one platform a month. It is estimated that 500 to 600 kilometres of submarine pipelines will be needed to interconnect the platforms and to transport the oil and gas to the shore.

Until now India's offshore programme has been conducted by the State through the ONGC. On May 1, however, bids for prospective oil and gas acreage were opened from 32 foreign oil companies, including BP.

Mr. Venugopal said it was planned to sign exploration contracts with the companies within three months. He said that ONGC would have a representative on the management committee of each licensee group and would hope to share in the equity of any discoveries made.

Gulf hopes for new supply deal with Kuwait

BY RAY DAFTER, ENERGY EDITOR IN PITTSBURGH

GULF OIL is hoping to conclude a new crude oil supply agreement with Kuwait within the next few days. It is understood that the Kuwaitis have agreed to supply Gulf with 50,000 barrels-a-day at the official selling price.

This is similar to the deals concluded already in principle with British Petroleum and the Royal Dutch Shell group, and confirms the softening in oil prices. Originally Kuwait had been asking for premium payments for the new supplies.

It is understood that some of the negotiations outstanding concern the shipping rates for the crude oil. Gulf is expected to agree to transport the oil in Kuwaiti tankers.

In Pittsburg, Mr. Jerry McAfee, chairman and chief executive of Gulf, said that he was pleased that greater realism had entered into oil pricing agreements.

The present over-supply of crude oil could end overnight with some unexpected interruption, he said. On the other hand, the soft market could last for ten years or longer.

Mr. McAfee said that oil prices in general were substantially over-priced in view of the market conditions. He reckoned that oil from Nigeria and the North Sea was about 5 dollars a barrel too expensive.

He hoped that at the coming meeting of the Organisation of Petroleum Exporting Countries, Ministers would agree on a single reference price for oil with the premiums being imposed to relate to the quality of oil and the location of the producing countries.

Reviewing the group's exploration and production activity, Mr. McAfee said that outside of the U.S. — the favoured location for drilling—Gulf was concentrating on Indonesia, Africa (including Nigeria, Angola, and Zaire) some areas of the Middle East, including Egypt and Oman.

Referring to the UK's new tax measures, Mr. McAfee said the company was "distressed and disturbed" at the fiscal measures. "The measures must reduce our enthusiasm for exploring and producing in the North Sea."

UK call for U.S. move on gas price controls

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration should accelerate the phasing out of price controls on natural gas in order to remove the unfair cost advantage these controls give U.S. artificial fibre manufactures, Mr. Cecil Parkinson, the British Trade Secretary, told his counterparts in Washington this week.

Mr. Parkinson said the U.S. Administration's moves earlier this year to decontrol domestic oil and naphtha prices had wiped out about half of the cost advantage to U.S. textile companies which use these materials as basic feedstocks to make fibres, compared with European companies which must pay higher, world prices.

But a 10 per cent margin still remained, the British Minister complained, allowing U.S. textiles to undercut European goods by this amount. However, there was little sign here that the Reagan Administration intends to speed decontrol of gas prices.

Mr. Parkinson billed the main purpose of his talks as getting to know his various opposite numbers concerned with trade. Among issues on which he said there was an identity of view, both the UK and the U.S. agreed that levels of export credit must be curbed, since these had reached the point at which businessmen found it cheaper to buy equipment abroad on low interest credit.

A delegation of New England and Mid-West Congressmen, including Mr. Tip O'Neill, the Speaker of the House, have told the Administration that restrictions on shoe imports from Taiwan and South Korea should be extended for three years.

Spot price of naphtha driven down in Europe

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE WORLD oil glut allied to the continuing recession has driven down the European spot price of naphtha—the most important of the petrochemical industry's raw materials—by over 12 per cent since the start of this year.

Naphtha spot prices were between $360 and $365 a tonne at the beginning of this year. But they have fallen to about $317 a tonne and some traders are expecting them to fall further.

Some of the major oil and chemical companies are thought to have full naphtha storage tanks and are, therefore, staying out of the spot market.

A number of major European petrochemical plants are still said to be operating at only about 60 per cent of capacity because of the continuing effects of the economic downturn.

But the European naphtha contract price appears to be maintaining a remarkable degree of stability. A number of major chemical companies — including the UK-based Imperial Chemical Industries, the Dutch-based DSM and the two German giants BASF and Bayer—belong to a naphtha price reporting scheme which was set up in an effort to counteract the influence of volatile spot market prices on contract prices.

The average weighted price reported by the companies taking part in the scheme in the first three months of this year was $358.49 a tonne. Yesterday the new average weighted quarterly price reported by them was $358.34 a tonne.

French motor trade surplus falls

BY TERRY DODSWORTH IN PARIS

FRANCE'S FAVOURABLE motor industry trade balance fell sharply last year under the dual effect of reduced vehicle exports and a more than normal rise in imports.

According to customs figures, the overall decline, taking both vehicles and components into account, amounted to about 8 per cent compared with 1979.

This left France with a surplus of FFr 26bn (£2.5bn) on its motor industry trade, about the same level as in the mid-1970s.

Without a healthy performance from the components manufacturers, who have expanded substantially overseas recently, the figures would have shown an even more pronounced dip. Component exports rose by almost 13 per cent to FFr 22bn, while imports were held to a 10 per cent rise at FFr 12bn.

Despite inflation last year, the value of French vehicle exports went slightly into decline, dropping by 0.7 per cent to FFr 36bn. By contrast, imports rose by almost 21 per cent to FFr 30bn, leaving the favourable balance in the vehicle sector almost 19 per cent down at FFr 16bn.

The most important influence on this setback for the vehicle manufacturers was the decline in exports of Peugeot group cars last year.

France achieved a record surplus on its motor industry trade in 1979, with a favourable balance of FFr 28.3bn. This represented about 13 per cent of the country's total exports.

Kenneth Gooding writes: Scania of Sweden has won a £25m order for 457 inter-city buses from SNTV, the Algerian national bus company. Deliveries of the vehicles, bodyworked by Van Hool, the Belgian coachbuilders, will begin next month and be completed by February 1982.

Denmark in Libya deal

By Hilary Barnes in Copenhagen

A DANISH consortium has signed a DKr 1.2bn (£85m) contract to set up a combined dairying and poultry project in Libya.

When complete, the facility will produce 5.5m chickens a year and 210 hectares will be under cultivation. Milk will be produced from a herd of 600 and there will be a calf and beef herd of about 600.

The contract was obtained by Danfarm Contractors, consisting of civil engineering company Hojgaard & Schulz, agro-engineering specialists Atlas and consultants Danagro Adviser.

Washington goes on an anti-regulatory binge

Industry's campaign against excessive health, safety and environmental regulation has found fervent support from the Reagan Administration, as Nancy Dunne reports from Washington.

AT THE end of March, the U.S. Administration ordered the destruction of more than 100,000 booklets on the dangers of cotton dust, which is believed to cause Brown Lung disease among textile workers. The authorities also held up the distribution of films and slides about workers' rights under law and the history of occupational safety and health.

The action shows the sharp shift in attitude by the Reagan Administration to the extensive Government regulation of health, safety and the environment which it inherited from its predecessors.

The agencies set up to promote health and safety—such as the Occupational Safety and Health Administration (OSHA), the Environmental Protection Agency (EPA), and the National Highway Traffic Safety Administration (NHTSA)—have always been bitterly attacked by industry. Businessmen argued that Government regulations were out of control, promulgating too many unnecessary, nit-picking time-consuming and expensive rules. Their contention has now been embraced by the Reagan Administration, whose officials are vigorously reversing or "reviewing" many of the safety and environmental rules issued over the past ten years.

OSHA, for many years the principal bogey-man of the business world, was one of the first to feel the shift of policy—as in the cotton dust affair. The agency is now to be "neutral," according to Mr. Thorne G. Auchter, the new Administrator, and it will negotiate between business and labour for those safety features industry says it can afford, rather than those which in an ideal world would be desirable. As a "neutral" agency, it has been reviewing standards for acceptable levels for lead, asbestos, benzene and chlorine and coke-oven emissions as well as cotton dust.

The cotton dust standard had long been controversial. No one knows for certain how many textile workers suffer from Brown Lung and widely different tales are told by unions and management. The Amalgamated Clothing and Textile Workers Union says that at least 150,000 of the 800,000 American textile workers suffer from the disease, while 35,000 are permanently and totally disabled. The American Textile Manufacturers' Institute says that there are 2,330 workers "who may have a problem."

Under the Carter Administration, OSHA claimed that complying with the cotton dust regulation would cost industry $625m in initial capital costs and $34m in operating costs. Industry, by contrast, says it would cost more than $2bn in capital costs alone.

OSHA's most far-reaching set of regulations covers workers' exposure to poisonous lead fumes. It affects some 800,000 workers at foundries, smelters and other industrial installations. Under the rules, companies must transfer workers with high lead levels in their blood to "cleaner" sites at no loss of pay. Companies are permitted to provide workers with respirators to prevent them inhaling lead fumes, but only temporarily until better ventilation and other changes have been introduced.

However, an appeal against the regulations was taken to the Supreme Court and the Reagan Administration has told the court it wants to reconsider them and review their cost.

More than 60 sets of regulations from various agencies are now being examined by the White House. In early April, the Administration announced an entire package of easier regulations on vehicles designed to save the ailing motor industry $1.4bn over the next five yaers. Rear bumpers will no longer have to meet collision standards; will be reduced or eliminated: rules affecting the installation of seat belts have been delayed; pollution requirements for trucks have been eased.

The professors, conservationists and consumer advocates of the Carter era are gone. In their places are pro-business officials like Mrs. Anne M. Gorsuch, a conservative Colorado attorney who has been apopinted to head the EPA. A former state legislator who opposed environmental measures and a supporter of weighing cost with benefit in pollution control, Mrs. Gorsuch has already announced plans to introduce less restrictive regulations on air pollution in new industrial development.

In the past, when a company replaced an old "dirty" plant, it was required to build a new one with the best available pollution control devices. Under the Reagan Administration, new construction or modifications will be permitted as long as they do not produce worse pollution.

EPA is also liberalising rules on its "bubble" policy, which allows plants to exceed pollution limits on individual items of plant while keeping within an overall emission limits. Under the new rules, EPA expects to save industry $100m.

The regulators are losing ground on other fronts. Heading the agency to enforce federal rules to limit damage by stip mining, the Office of Surface Mining, is Mr. James R. Harris, a former Indiana State Senator, who instigated a State lawsuit challenging the federal strip-mining law. At the Department of Agriculture, Mr. John B. Crowell Jr., the Asistant Secretary in charge of resources and environment, has frequently advocated the increased cutting of national woodland by private timber companies.

The Administration is also considering the elimination of the Council on Environmental Quality, which advises the President.

At the heart of the new attitude is the high cost of protecting the environment and health and safety. The combined budgets of EPA and OSHA rose from $315m in 1971 to $1.58bn in 1980. OSHA regulations cost industry just under $5bn a year and clean air standards some $3bn. New rules to contain water polution will cost iron and steel producers about $1bn over the next 10 years.

Even the Cater Administration listened to industry's complaints and made regulatory reform one of its major promises. But the Cater effort was a general attempt either to simplify rules or to deregulate such nidustries as airlines and haulage, which were thought to operate less expensively under free market conditions. Under President Reagan, reform has become revolution.

UK NEWS

Leatherware industry faces imports flood

Raymond Snoddy looks at the damaging effects on British industry of Third World penetration into the leather goods market

BRITISH businessmen travelling abroad in search of export orders are increasingly likely to carry executive cases, suitcases and credit cards wallets made in Taiwan or Hong Kong rather than the UK.

The British leather goods industry has faced a flood of imports from low wage countries which many fear could reduce it to a rump. This has happened without any of the drama or political sensitivity associated with Japanese car imports or electronics.

"The import penetration has been appalling. We reckon in the past nine years imports by value have increased by 1,500 per cent," said Mr. Martin Alton. He is director general of the Jewellery and Giftware Federation, the parent body of the British Leather Goods Manufacturers' Association.

The industry—which includes all leather goods apart from footwear and clothing—has lost about half its market in a decade. By the end of 1979 imports at wholesale prices had reached £100m compared with a total British output worth £137m and the trend has been continuing, though less rapidly. Employment has fallen from 25,000 to about 17,000, including part-time workers.

The association believes the industry will continue to shrink unless speedy action is taken to reduce the flow of imports from countries where low wages often combine with hidden subsidies or protection to produce prices which British manufacturers find difficult to match.

The association is preparing a case to put to the Government calling for selective or countervailing duties against Far Eastern imports.

But given the present Government's policy there seems little chance of success.

Mr. Michael Gould of Walsall, chairman of W. A. Gould, a company founded by his grandfather in 1877, is pessimistic.

"This whole industry is being thrown away because of government inactivity and inertia and because we do not have the political muscle of the motor industry," he said.

He believes that within five years only 25 per cent of the British leather goods industry may be left. And although he has always opposed import restrictions on principle he believes nothing else can save the industry now.

His company employs 250 people making leather goods—30-40 per cent less than 18 months ago.

The problem the British industry faces is that leather goods are attractive propositions for developing nations and such development is encouraged by the United Nations Industrial Development Organisation, of which Britain is a member.

The industry is labour intensive and Third World countries have ready supplies of the raw material and necessary skills. While the industry admits this may make sense in global terms, one result is the loss of British jobs.

A sales trip to the Far East was the last straw for Mr. Cyril Sheril, managing director of Custom Cases of Waltham Cross, Herts. He wanted to take the battle for markets to Taiwan itself, but an agent said it would be impossible to sell his executive cases and luggage because of duties of more than 100 per cent.

"If a nest of luggage is sold in Taiwan for £20 C.I.F. (including insurance and freight costs) to the UK the final cost to the importer, including all duties, is less than £22. If we in the UK sell a nest of luggage to Taiwan at £20 C.I.F. the final cost to the importer in Taiwan because of duties is £48," Mr. Sheril said.

On his return Mr. Sheril wrote an appeal for selective import controls in the trade magazine Leather Goods.

"It is time our politicians woke up to the international game that is being played," he said. "If Far Eastern countries can impose import controls then we in the UK must impose selective import controls to help British industry gain a firm footing."

In 10 years Custom Cases has grown from nothing to a company employing 150 people with a turnover of £4m. It is a leading British producer of executive cases and luggage.

The company is profitable because of diversification but Mr. Sheril believes he could make more money by turning his factory into a warehouse for imported products—something he would be very reluctant to do. "We have flown the flag for 10 years but it is very difficult for us to stem the flow of imports," he said.

He feels let down by the Government because he believes he has done everything Mrs Thatcher has asked of him. He says he has bought every machine that could modernise or make his operation more efficient. His workforce is flexible and hasn't had a pay rise since September 1979—and that was under 10 per cent.

Mr. Sheril believes he deserves some help in return.

Mr. Sheril, a pharmacist, set up the company with Mr. Simon Cyna after they thought of a simple method of carrying expensive cameras safely — by cutting out the shape of the equipment in a foam block which holds it securely in a case.

Now the company produces specialised cases for all kinds of medical equipment, including skeletons, and even large carrying cases for roadside cigarette sellers in Africa.

Airports authority loses attempt to be indemnified by airlines

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A REQUIREMENT that airlines must indemnify the British Airports Authority against claims by users of aircraft at UK airports is unreasonable and invalid, the High Court ruled yesterday.

No other airport authority appeared to impose such a condition, which deprived airlines of a defence to claims given by the law, said Mr. Justice Parker in the Commercial Court.

But he rejected a claim that a clause in the authority's conditions of use, giving it exemption from liability for loss or damage to aircraft using its airports, was also invalid. Having regard to the kind of liability to which it related, the clause was entirely reasonable and was binding on airlines, he said.

The judge was giving his decision on a test action over the authority's conditions of use, in which it had sued British Airways Board and 77 other airlines.

The authority had claimed that two conditions challenged by the airlines had been validly made under the 1975 Airports Authority Act and, subject to the test of reasonableness imposed by the Unfair Contract Terms Act, 1977, were binding on the airlines.

The judge rejected the airlines' contentions that the authority had no statutory authority to impose the conditions and that the matters they dealt with should have been embodied in bye-laws.

He also rejected an argument that the airlines had a statutory right to land at the airports with which the conditions conflicted.

He said that while aircraft were using the airport, or landing and taking off, they were under the control of the airlines. There was therefore nothing inconsistent in the authority trying to ensure that it was under no liability in disputes over accidents, the facts of which might be largely unknown to it.

But, although the exemption clause was reasonable, the indemnity condition was not. It obliged airlines to indemnify the authority against liability for injuries caused wholly by its negligence.

Exports will 'offset low demand for coal'

By Martin Dickson, Energy Correspondent

BRITISH demand for coal will remain below the National Coal Board's production capacity for at least the next four years, Sir Derek Ezra, the NCB chairman, said yesterday.

However, he told a conference in Newcastle-upon-Tyne that rising exports would help offset the decline in UK demand produced by the recession.

The NCB expected coal exports to double to more than 8m tonnes this year and reach 15m tonnes by 1985—worth more than £500m at today's prices.

But while every tonne sent abroad produced much-needed cash for the NCB, exports were not profitable at present.

Sir Derek said it was ironic that the deepest trough in the UK's recession should be reached just when the mining industry's redevelopment scheme, the so-called Plan for Coal, was starting to yield significant benefits.

Coalface productivity last year averaged more than nine tonnes a manshift—the best ever recorded—and continued to rise.

Despite the recession, the NCB was determined to maintain investment under the Plan for Coal. Almost £3bn had been spent so far. A further £3.5m would be spent over the next few years.

"When the economies of the West pick up, the demand for energy will resume its growth. Coal will be needed as never before," he said.

● National Smokeless Fuels, an NCB subsidiary, has won an order worth more than £10m to supply 200,000 tonnes of blast furnace coke this year to steelworks in Romania.

Security fears at Sullom Voe terminal

By Maurice Samuelson

SERIOUS DOUBTS about some aspects of the security of the £1.2bn Sullom Voe oil terminal have been voiced by a senior British Petroleum official on the eve of its opening by the Queen.

Mr. Ted Ferguson, the site's construction manager, told journalists who visited the terminal last week that it would take experts "about 40 seconds" to penetrate the security fence.

British Petroleum, the terminal operator, and the Ministry of Defence had been discussing erecting a far more sophisticated fence, but the talks have got bogged down over the cost.

The likelihood of sabotage is believed to be small because of the site's remotness, 30 miles north of Lerwick on the Shetland Isles. However, Mr. Ferguson agreed thta it could be "a prime terrorist target."

Internal security, for which BP is responsible, appears tight, with strict control of visitors and vehicles. All but 850 of the 5,000 construction workers were recruited from outside Shetland, and BP co-operated closely with the Special Branch wich vetted the 300 workers recruited from Northern Ireland.

Fear of an accident was one of the reasons why the Shetland Islands Council, the local authority, had originally wanted the terminals storage tanks to be in subterranean caverns. BP argued that the rock was unsuitable for this and the demand was dropped.

Sullom Voe is Europe's biggest oil and gas terminal with 16 crude oil tanks and four tanks for liquid petroleum gas.

● The Queen will inaugurate the terminal tomorrow, accompanied by Prince Philip and by King Olav of Norway who spent part of the war in Shetland.

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Wintrust defers appeal against ruling on status

BY OUR LAW COURTS CORRESPONDENT

THE APPEAL by Wintrust against the Bank of England's refusal to grant it the status of a recognised bank, which was to have been heard this month, has been deferred until later this year.

The hearing, before the Banking Act Appeal Board—the appeal tribunal provided for by the 1979 Banking Act—has been put off at Wintrust's request because its counsel, Mr. Robert Alexander, QC, is not available.

Discussions are going on about a new date. It is unlikely to be before November.

A decision is still awaited on the first appeal under the Act, that of the Bradford-based People's Bank.

At a two-day hearing in January, People's Bank complained that the Bank of England had granted it only the lesser, "goatlike," status of a licensed institution.

The Bank replied that People's Bank neither offered the wide range of banking services nor enjoyed the "high reputation and standing in the financial community" required of a recognised bank.

It is understood that the report of the tribunal, chaired by Mr. Allan Heyman, QC, has not yet reached the Chancellor of the Exchequer under whose aegis the tribunal operates.

Consideration is being given to the manner in which the Chancellor's decision on the appeal will be made public—a matter which appears to have been overlooked when the regulations governing appeals were drafted.

Thee options appear to be either an announcement in the London Gazette, or a press notice, which may or may not give, in more or less detail, the reasons for the decision.

It is anticipated that the Commercial Bank of Wales, of which Sir Julian Hodge is chairman, will be one of the next to appeal to the tribunal.

The Bank of England's decision to grant the company only licensed institution status was announced in February. This decision would require the company to drop the word "bank" from its title. The company at once indicated that it would appeal.

Operator of Old Vic to go into liquidation

By Michael Coveney

PROSPECT PRODUCTIONS, the company operating the Old Vic theatre, is to go into liquidation.

The decision was announced yesterday after a special meeting of the shareholders, who appointed Mr. Christopher Morris, a partner of Touche Ross, chartered accountants, to act as liquidator to the company.

Mr. Jack Emery, the Vic's associate director, said that the first he knew of the move was the arrival of the liquidator in the company's offices in the Waterloo Road, London.

Mr. Morris said: "With the assistance of the governors, we are endeavouring to keep the theatre open so that the amateur group currently performing can complete its present production."

The show, an improvised play, is presented by the Old Vic Youth Theatre.

The Old Vic is a Grade II listed building and, as such, is unavailable for any use except as a theatre. There are no signs of any individual sponsor coming forward to reduce the deficit of £400,000.

Mr. Timothy West, the artistic director of the Old Vic, is playing Shylock in The Merchant of Venice on the European tour due to end in Rome on June 13. The company is now in Brussels, playing to capacity houses and a good Press reaction.

The Old Vic Youth Theatre rings down the curtain for the last time on May 16 when the company will perform The Beggar's Opera.

Court plea on trapped tanker

By Raymond Hughes, Law Courts Correspondent

THE Commercial Court was yesterday asked to deal with disputes over a tanker trapped since September in the Shatt Al Arab river, near Basrah, by the war between Iraq and Iran.

The owner and the charterer of the vessel both sought leave to appeal against the interim award of an arbitrator.

Mr. Justice Robert Goff said he would give his decision later.

He was told that the tanker Wenjiang had been time-chartered by Hemisphere Shipping of Hong Kong to International Sea Tankers of Monrovia.

On September 22 she finished loading a cargo of furnace oil at Basrah for India. She was prevented from leaving by the outbreak of fighting between Iraq and Iran.

In his interim award, the arbitrator held that the contract was frustrated on November 24: that there had been no loss of time to the charterer activating the off-hire clause of the charter party: and that the charterer was liable to pay the owner additional war risk insurance premiums.

The charterer wants to challenge the arbitrator's frustration date, contending that it should be put in late September or early October. It also wants the court to overturn he findings on off-hire and additional premiums.

The owner contends that the contract was not frustrated or, if it was, it was not until the end of December.

Tindale to join NEB

By Hazel Duffy, Industrial Correspondent

THE GOVERNMENT'S plans for bringing together the National Enterprise Board and the National Research Development Corporation were taken a step further yesterday with the appointment of Mr. Lawrence Tindale, a member of the NRDC, to the board of the NEB.

Sir Frederick Wood, who became chairman of the NEB on February 1 and is also chairman of the NRDC, will soon present his preliminary findings on the possibility of closer co-operation between the two bodies to Sir Keith Joseph, Industry Secretary.

Mr. Tindale's appointment is for three years. He will continue to be a member of the NRDC.

Temps agency launches £100,000 secretarial drive

James McDonald reports on Manpower's shift of emphasis

MANPOWER, the international work contractor, is to begin a major drive in Britain this month to gain a bigger share of the business of supplying temporary secretaries.

The organisation is better known for its supply of temporary workers to industry and the £100,000 advertising programme it will launch on May 18 marks a major shift of emphasis towards the office work sector, although this already accounts for 30 per cent of its total business in the UK.

Manpower is based in Milwaukee, U.S., has 700 offices in 32 countries, 80 of them in Britain and claims to be the biggest supplier of temporary workers in the world.

Manpower has experienced a decline in demand for its temporary industrial workers as a result of the world-wide recession but says this new emphasis on the office worker in Britain is largely coincidental.

New technology and smaller workforces were reasons for "a general shift away from demand for the blue-collar (industrial) worker as a supplement to a permanent workforce," said Mr. Mitchell Fromstein, president of Manpower in London yesterday.

But in the U.S. Europe and elsewhere the company expects demand for supplementary or temporary office workers will grow. In Britain last year, despite the recession, demand for Manpower's temporary office staff grew by 4 per cent and this is now where it sees the largest contribution to long-term growth.

The company had about 15,000 employer clients for its labour in the UK last year and 310,000 worldwide. The essence of its claim for a bigger share of the temporary office work market is that it will offer the employer client a service product and the temporary office worker more job satisfaction.

Its PPS (Predictable Performance System) imported from the U.S. is claimed to be radically new to the temporary office work industry. It offers employers an "on-site" analysis of their office environment and work needs, including such items as: place of work; atmosphere (formal or casual); and size of work group. All vital factors in worker performance.

The Manpower employee to be placed will have an "in depth" interview lasting about an hour and be programmed by industrial psychologists.

Simulated working tests will also be applied. As a follow up, the employer will be asked to evaluate both the employee and the quality of service given by the Manpower branch office. Satisfied clients can recommend such awards as a "Cardin-designed" silver pin or necklace and a signed certificate to the departing temp.

"We found there was a frightening gap in this country between what the client company and the employee really required from a temporary work supplier and what was being supplied by the temporary service industry," says Mr. Tony Hoskins, Manpower's marketing manager.

This of course will be hotly denied by other employment agencies and there are 4,500 in Britain, with about 300 of them offering only temporary workers as does Manpower.

The leading agencies supplying office workers include Brook Street Bureau, Alfred Marks and Reed Executive. They do a large business, however, in placing permanent workers. At the Brook Street about 60 per cent of business relates to permanent workers and at Reed's it is about 50 per cent.

Manpower says it will not follow the other agencies into the High Street shopfront "billboard" scene but will continue to operate from its "office-format."

Despite Manpower's expectation of long-term growth in the office temp market, last year was not good for agencies. Brook Street, with about 180 branches, found its turnover cut from £25.81m in 1979 to £22.06m in 1980 and pre-tax profits were £1.37m lower at £1.34m. At the end of last month, however, it reported that there had been some improvement in recent weeks in both permanent and temporary business.

Record £75m domestic thefts insurance pay-out

BY ERIC SHORT

INSURANCE companies last year paid out a record £75.6m on theft claims from private homes, according to figures issued yesterday by the British Insurance Association.

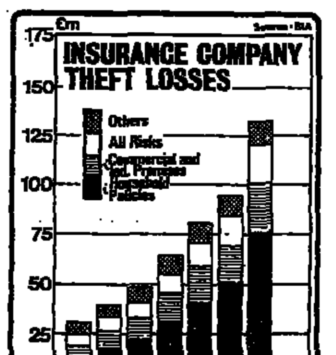
This was 55 per cent more than 1979 and twice the 1978 total.

The 1980 figure understates the value of items stolen because it related only to items fully insured with companies affiliated to the BIA.

Official estimates suggest that one home in four has no insurance for its contents. Many people underinsure.

Mr. Frank Simpson, chairman of the BIA crime prevention panel, said such a drastic rise in the claims figure highlighted the public's laxity in taking even the simplest precautions to protect their possessions.

Insurance companies last year made substantial increases in



their premium rates for house contents insurance, especially in London and the big cities, because of the increased theft risk.

But they do not believe another immediate rate increase is likely, in spite of the trend.

The new rates will be held for at least another year.

The rise in theft claims was not confined solely to the private sector.

Thefts from commercial and industrial premises cost BIA members £26.3m—37 per cent more than in 1979. Claims on All Risks were up 20 per cent at £18.2m. Money theft claims were 33 per cent higher at £5.7m.

Claims on gods in transit fell 9 per cent to £6.4m, reflecting better security and lower economic activity.

UK insurance companies paid out a total of £132.2m on thefts last year against £94.5m in 1979—a rise of 40 per cent.

The BIA published a leaflet, available free, entitled No Place Like Home—For Thieves. It lists some elementary measures which can help to prevent burglaries.

Robert Gerald Sands, the six-year-old son of the dead hunger striker Mr. Bobby Sands, MP, follows his father's coffin to a Belfast cemetery with other relations flanked by an IRA Military Honour guard

Training of engineers declining

BY JAMES McDONALD

THE ENGINEERING industry must have some form of statutory body responsible for training and the Engineering Industry Training Board should not be replaced by a voluntary body, the annual conference of the Association of British Chambers of Commerce was told in London yesterday.

"The history of training in the UK clearly demonstrates that between 1945 and 1964 voluntary reliance on employers to provide an adequate amount and standard of training at all levels was not successful," said a paper presented by the Walsall Chamber of Commerce and Industry.

Companies were shedding training staff in an attempt to avoid overheads which did not contribute directly to the immediate well-being of the company.

A restructured EITB should act as a catalyst for the promotion of training with an emphasis on the requirements of new technology and should lay down and monitor standards, said the paper.

Mr. John Biffen, the Trade Secretary, told the conference that British industrialists should diversify out of manufacturing and into service and science-based industries.

"That is where some of the best prospects for demand and the future growth of employment may lie," he said. "We are having to modify our concept of the UK's wealth creating base, and not the least of the virtues of the relatively new service and science-based industries is that they tend to be areas in which Britain excels."

Mr. Biffen suggested information technology, like telecommunications and computer programmes, science and research-based industries, like bio technology, pharmaceutical and robotics, financial services, teaching aids, consultancies and entertainment as major growth areas.

British industry was well up to the task, he said. Charges that Britain had been too slow to adapt to a change of economic conditions and new patterns of demand were unfounded. "British industry can probably be given the credit for carrying through the most dramatic reorientation of its trading patterns of any country in Europe in the last 30 years."

Gaming club 'defrauded of £1m'

FRAUD by senior members of management involving more than £1m in two years was discovered after police raided the Victoria Sporting Club in Edgware Road, London, an Old Bailey Jury was told yesterday.

Mr. John Blofeld, QC, prosecuting, said money had been "skimmed" from the cash takings after games of blackjack and American and French roulette.

Mr. Cyril Levan, Mr. Anthony Jackson, Mr. Joel Salkin, and Mr. Jack Langsman denied conspiring between January 1, 1977, and December 9, 1978, with Mr. David Kapelner and others to defraud the club by dishonestly causing records to be prepared so that they concealed the daily receipts at the gaming tables and cashier's office.

They also denied conspiring together and with Mr. Kapelner and others to defraud the Inland Revenue by falsifying records of accounts and monthly returns to the Gaming Board and conspiring to defraud by failing to deduct income tax from payments to employees.

Mr. Levan denied stealing £23,251 and £36,900 belonging to the club and Mr. Salkin denied stealing £1,000 and £2,500 from the club.

Mr. Blofeld said that a fifth man—David Kapelner—should have been in the dock. He had been charged but had not answered to his bail and had left the country.

Mr. Blofeld said the defendants had taken a great deal of cash. When the money was put on the table to be counted at the club, the accused took the higher denomination notes before the remainder was counted by their juniors.

The cash, which was in locked boxes, was taken into the back office. Senior management would go in and be there by themselves, with the door locked, for a few minutes.

The whole fraud on the club amounted to more than £1m.

The trial continues today.

Accountants urge fewer disclosures

THE ACCOUNTANCY profession is pressing the Government to drop disclosure requirements on loans by companies to directors if the sum involved is fairly small.

In a memorandum to the Department of Trade, the leading accountancy bodies suggest that loans and quasi-loans—such as credit card use—below £5,000 should not have to be disclosed.

At present, non-financial companies are not allowed to lend money to directors. Banks may do so although such loans must be disclosed to shareholders.

The accountancy bodies want the Government to include their proposed alterations in the Companies Bill going through Parliament. They would like small companies exempted from the loan disclosure requirement.

The memorandum says substantial transactions with directors within a group consisting of a holding company and wholly owned subsidiaries should be exempt from the need for approval at an annual meeting.

Industrial and commercial acquisitions increase

BY REG VAUGHAN

THE NUMBER of industrial and commercial acquisitions and the total amount paid for them rose in the first quarter of 1981 compared with the final quarter of last year, according to statistics prepared by British Business, the Department of Trade publication.

There were 120 acquisitions in period involving a total payment of £297m, compared with 116 for £277m in the fourth quarter of 1980.

Within the total, there were seven large acquisitions involving amounts of over £10m. In the four largest acquisitions, involving considerations of over £20m, Brooke Bond Liebig acquired Mallinson-Denny for £43.9m, Harrisons and Crosfield bought London Sumatra Plantations for £31.1m, Unigate acquired Giltspur for £25.6m and C J Clark purchased K Shoes for £22.6m.

The 27 largest acquisitions (23 per cent of the total number) each of which took place for amounts over £2m, accounted for 83 per cent of the total expenditure during the quarter. The remaining 93 (77 per cent of the total) accounted for only 17 per cent of the expenditure.

The proportion of total expenditure in the form of cash during the first quarter of this year was nearly double that of the previous quarter and accounted for 73 per cent, its highest share since the first quarter of 1979. The proportion in the form of ordinary shares fell by almost 37 per cent to 25 per cent, while fixed interest securities accounted for under 2 per cent of total expenditure.

For the sixth quarter running there were no mergers. While expenditure on acquiring independent companies increased only slightly compared with the previous quarter, expenditure on subsidiaries went up by 19 per cent to reach its highest level since the third quarter of 1973. This high level was largely attributable to two inter-company transactions involving nearly £40m.

Commercial vehicle output rises

By John Griffiths

PRODUCTION of commercial vehicles rose in April, but there is little optimism in the industry of any sustained improvement before the end of the year.

Industry Department statistics published yesterday show output, seasonally adjusted, was 21,300—well up on the March figure of 16,700. But March output was at the lowest level for more than 30 years. In April 1980 it was more than a third higher than last month's at 34,700.

One factor in last month's improvement is likely to have been provided by Ford, which was building up production of its new Cargo range of trucks, just launched on the Continent as well as in the UK.

The market for new trucks of over 3½ tonnes otherwise remains heavily depressed. The UK market was more than 50 per cent down on last year and short-time working was widespread at manufacturing plants.

Car production continues to recover from the trough reached in December, when only 57,000 were produced. Output in April was 86,000, against 73,000 in March, and 80,000 in April 1980.

First session of Geneva jewels sale fetches £1m

THE FIRST session of Sotheby's sale of jewels in Geneva yesterday totalled SwFr 4.5m (just over £1m).

A diamond ring set with a marquise-cut 10.73-carat diamond fetched the highest price at SwFr 300,000.

This was followed by SwFr 260,000 from London Hilton Jewellers for an antique diamond necklace designed as a wide collar of buds and leaves with eight large diamond-set flowers mounted en tremblant in silver and gold.

The same price was given for a pair of emerald and diamond pendants while a diamond and emerald necklace of flowers, buds and leaves, pave-set, went for SwFr 250,000. An Art Deco diamond necklace made SwFr 130,000.

On Wednesday evening, miniatures including three private collections went under the hammer. These amounted to SwFr 866,980.

An auction record for a work (1761) by Jean Antoine Laurent was set at SwFr 39,000.

Louis Marie Sicardi's 1810 portrait of a general was bought for SwFr 35,000 and a picture of a young man by Jean Baptiste Isabey, circa 1810, went at SwFr 38,000.

An auction record for an enamel miniature was set when a German buyer gave SwFr 32,000 for a portrait of Madame de Montespan, circa 1665, by Jean Petitot the Elder.

On the same evening, works by Fabergé and other Russian items fetched SwFr 510,930.

A silver and nephrite desk timepiece, made SwFr 38,000, a parcel-gilt and niello beaker SwFr 35,000 and a three-colour gold and enamel heart-shaped miniature frame SwFr 30,000.

At Sotheby's Belgravia, London, yesterday, there was a successful sale of fans and other items.

A Swiss buyer paid £1,100 for a French two-colour gold and

SALEROOM

BY PAMELA JUDGE

silver fan attributed to Froment-Meurice, and a German buyer paid £1,000 for an ivory brise fan. The whole sale totalled £55,166.

Antique arms and armour at Christie's made £75,665. Jenkinson, Channel Islands, paid £3,600 for a pair of continental (probably French or Flemish) silver-mounted holster pistols of about 1680.

An Italian armet with a one-piece skull made £2,200 and it came from the collection of the late Sir James Mann, a leading authority in his day on medieval and Renaissance arms and armour.

Leases for motorway centres net £42m

Financial Times Reporter

SALES of new leases for 28 of the main motorway service stations have brought in £42m to the Exchequer, Mr. Norman Fowler, Transport Secretary, said yesterday in a Commons reply.

Previously the lessees—Granada, Trusthouse Forte, Rank and Imperial Foods—had to pay a set part of their annual turnover in rent. Under the new arrangement higher lease payments have been negotiated but the operators pay only a peppercorn rent.

This is designed to give them greater commercial freedom and encouragement to increase their investment in the service areas.

Call for privacy at the till

THE National Consumer Council wants a guarantee for shoppers over the introduction of check-out tills linked to bank computers which automatically debit money from customers' accounts.

Mr. Jeremy Mitchell, the council's director, said there was a need to protect privacy between a bank and its clients.

Clayton Dewandre sheds more staff

NINETY-EIGHT workers at the Lincoln power brake manufacturers Clayton Dewandre are to be made redundant.

The company, which makes brake parts for the motor industry, has made almost 200 men redundant this year. Last year workers accepted wage cuts in an attempt to avert redundancies.

Labour 'will seek stake in shipping'

A FUTURE Labour Government will nationalise part of the merchant shipping industry, Mr. Stanley Clinton-Davis, a former Labour Trade Minister, said yesterday.

He told the annual meeting of the Mercantile Marine Service Association that Labour would put forward "a practical policy to protect our essential interests where they are threatened."

Sodastream sues over trade mark

SODASTREAM, manufacturers of a soft drinks system, has started legal action against Thorn Cascade Company and Thorn Domestic Appliances (Electrical), alleging passing-off and infringement of trade mark.

The action concerns the alleged sale by Thorn of carbon dioxide in cylinders bearing the trade mark Sodastream.

Brewing suffers sharp fall

BEER PRODUCTION in March suffered its steepest fall in eight months, with a decline of 17.3 per cent against the same period last year and a fall for the first three months of the year against last year of 6.5 per cent.

The Brewers' Society said beer production in March was 2.9m bulk barrels or 850m pints. This compares with a March 1980 total of 3.6m bulk barrels or 1bn pints.

The production total for January, February and March was 8.9m bulk barrels, 6.5 per cent down on last year's first quarter.

Newspaper Society's new president

MR. JOHN BARRONS, managing director of Westminster Press, becomes president of the Newspaper Society in succession to Mr. Ian Park, managing director of the Liverpool Daily Post and Echo, and not Mr. C. N. D. Cole as stated yesterday. Mr. Cole, chairman and chief executive of Thomson Regional Newspapers, is the society's senior vice-president.

General Motors workers angry at 'switch in manufacturing capacity'

Kenneth Gooding looks at the background to job cuts in vehicle component plants

EMPLOYEES at the General Motors AEC-Delco component plant in Southampton yesterday expressed anger about "multinationals switching manufacturing capacity to low-cost countries."

This was an inevitable reaction to the decision to cut the workforce by 837 from 1,300 because GM was ending air cleaner production.

Employees were particularly bitter because they had been reassured by GM's recent comments about its investment plans for the UK and suggestions that the plant might win some reasonable orders.

There was no sign that they would fight the cuts. Most seemed resigned to the fact that they would simply join the growing ranks of unemployed.

The affair will almost certainly be forgotten by nearly all but those directly affected. It forms part of a depressingly familiar pattern in the British motor components sector.

GM, far from acting like a wicked multinational, is simply following the lead set by some of Britain's major component companies.

The Department of Industry reckons that over the past 18 months employment among suppliers to the motor manufacturers has fallen by more than 20 per cent—from 340,000 to 270,000.

The accompanying table gives an impression of how some of the major component makers have been affected. It was compiled by stockbrokers Phillips and Drew to exclude non-motor business.

Not included in the list is GKN which has cut its British workforce by 18,700 or 27 per cent in the past 15 months. Not all were in the group's motor-related subsidiaries.

There is more to this than a reaction to the recession. The underlying cause is Britain's very fast downhill slide as a vehicle producer.

The decline has been felt mainly among the car makers which should provide the volume business. Last year car assembly in Britain fell below 1m—to 924,000—for the first time since 1958.

After the late 1950s, UK car output climbed steadily to peak at 1.92m in 1972. Since then the trend has been steadily downward and last year assembly was only 51 per cent of the record level.

Company	Known cuts in component workforce in 1980 & 1981	Size of workforce in early 1980	%
Armstrong Equipment	1,800	7,300	25
Associated Engineering	3,500	22,800	15
Automotive Products	1,700	12,000	15
BBA Group	600	2,400	25
Edbro	500	1,625	30
Lucas Industries	12,000	52,000	23
Jonas Woodhead	770	3,500	22

Cource: Phillips and Drew

Those UK component companies which have the resources are moving some of their operations outside the UK, not only to mainland Europe but to any markets in the world where vehicle production shows signs of dynamism.

This includes the U.S. where the manufacturers are designing cars much more like European ones. GKN, Lucas and Associated Engineering have all set out to capture some of the new business in the US.

The Department of Industry estimates that by rationalising plants and cutting workforces the component companies have obtained a productivity rise of about 5 per cent.

Privately, senior managers in some of the large companies suggest that the impact will be much greater. They have taken the opportunity not only to cut overmanning but to obliterate some of the traditional working practices which have, they claim, done so much to hold down productivity in the past.

All of this will certainly help them survive. But how can they thrive unless vehicle production in the UK picks up again?

The problem is not one for Britain alone. There is overcapacity throughout the European industry, both in car and truck manufacturing. Production is expected to rise only marginally during the rest of the 1980s and it will take a long time to take up the slack.

● International consultants A. T. Kearney recently estimated that the cumulative effect of the pressures on the suppliers of components will be so great that at least a third of the European companies will disappear by 1990.

"Some will merge with existing operations, others will diversify, a great many will go out of business altogether."

The speed at which this will happen will to some extent depend on the Japanese. There is a widely-held theory that the Japanese have chosen motor components for the next major thrust into the export markets of the West.

Given the low prices which the Japanese could offer in Europe, this is a prospect which the component makers find as frightening as anything they have had to face in the recession so far.

Power shift from unions to management

BRITISH MANAGEMENT is benefiting from a "shift in the balance of power" from the trade unions and showing a tendency to disregard agreed procedures, according to Mr. Pat Lowry, the chairman of the Advisory, Conciliation and Arbitration Service, John Lloyd reports.

Mr. Lowry, introducing the ACAS reoprt for 1980 yesterday, said: "We are concerned over the frequency, in some quarters of management, to fail to regard agreements of which they are a part."

Mr. Lowry, a former personnel director of BL who succeeded Mr. James Mortimer as chairman of ACAS in January, said there would often be urgent commercial reasons for disregarding agreements but such actions might have unfortunate consequences" in the longer term.

In a statement accompanying the report, the service urges management and unions to take advantage of a time of less overt strife to "seek a new relationship with each other which will be strong enough to survive the temptation for either side to *ignore agreed arrangements* when the balance of advantage moves temporarily in their favour."

Recession 'aids harmony'

BY JOHN LLOYD, LABOUR CORRESPONDENT

RECESSION IS good for industrial *relations*, according to a report by the Advisory, Conciliation and Arbitration Service published yesterday.

The report said that in 1980, 11.9m days were lost through industrial action, less than half those lost in 1979 and below the annual average for the past ten years of 12.8m. Of these 8.8m were lost in one dispute—the 13-week strike, early in the year, of the 138,000 steel workers.

The report's concern, however, was not to congratulate all concerned with the fashionable obvious growing sense of realism, but to emphasise the likely transience of peace.

Mr. Pat Lowry, the service's new chairman, took a quite different line to the Prime Minister and the Chancellor when he said it was far too early to say if realism was growing.

He said that where labour is plentiful and jobs scarce wage settlements will be lower—a phenomenon calling neither for surprise nor congratulation.

Beneath the measured prose of the report, and of Mr. Lowry's comments yesterday, is concern that the observable behavioural changes in industrial *relations are a calm before* either a storm of fury, or a return to the bad old days.

The service is issuing a diplomatic warning to managers not to kick the trade unions when they are down because they have long memories and, though down, they are far from out.

The service's staff see some hopeful trends, however. A number of agreements have been signed at company level *which, as well as allowing for* redundancy, give genuine productivity increases. Often, in manufacturing industry, these favour skilled workers against semi-skilled workers, as the ending of demarcation lines absorb a "mate's" job into a skill. This is one reason for the high loss of membership by the Transport and General Workers' Union.

The service has told Mr. James Prior, the Employment Secretary, that labour relations need time for the Employment Act to bed down.

It may publish guidelines for good industrial relations practice by the middle of the year.

Extra work leads to Metro plant walkout

By Lorne Barling

PRODUCTION of Mini Metros and Minis at BL's Longbridge plant was halted yesterday after about 45 me nworking on Metro interior finishing walked out.

They were followed by another 600 workes and a total of 1,600 men on the day shift were laid off.

The dispute arose over the increase in Metro production, on Tuesday, from *4,000* to 4,500 cars a week. This led to complaints that line workers could not handle the extra *work load*.

BL claimed that other workers, some from Mini production lines, had been brought in to ease the load and that discussions had taken place previously abuot the increase in production.

Late yesterday shop stewards were talking with management. They were expected to adress workers today.

The dispute has so far caused the loss of about 200 cars. BL said output had had to be raised earlier than expected because home demand could not be met when cars began to be shipped to Europe.

Negotiators consider abandoning national pay talks, reports **Nick Garnett**

Bank staff may seek local deals

THE EXECUTIVE of the Banking, Insurance and Finance Union will consider next week whether to abandon national pay and conditions negotiations with the five English *clearing banks* and opt for domestic (in house) arrangements.

Three factors have spurred the union, with 73,000 *members* in the five, to consider this course of action which could be fraught with dangers.

First, the union has its back to the wall in the current pay dispute. So far it has not been able to deliver telling industrial action though there have been suggestions of an all-out stoppage at Lloyd's London computer centre. A rejection of the 10 per cent pay offer in the national ballot vote, now under way, could result in further bouts of action.

Second, the banks have cold-*shouldered the normal industrial* relations practice of compromise and of giving adversaries an escape route to salvage credibility.

Once the 10 per cent pay and holiday package had been agreed by the rival Clearing Bank Union (93,000 members), the banks have stuck to it like limpets.

Bifu officials held out the possibility—no more than that — of settling the dispute on improved holidays. Despite lobbying by some managers *within the Federation of Clear*ing Bank Employers to consider this, the banks eventually decided to shut the door on that option.

Bifu also made overtures to Midland Bank that concessions on holidays, overtime or Christmas bonus might resolve the issue, but the bank's management would not agree.

Third, Midland — with no staff association — has found itself having to impose the 10 per cent on all its staff. That has shot into prominence the issue of principle and power relating to Bifu's ability to negotiate on behalf of its own membership.

All this has been grafted on to the persistent squabbles with the banks and the CBU over Christmas holidays, arbitration and national negotiating procedures. Underlying Bifu's dilemma is the battle with the CBU for membership and influence.

Bifu's 24-man executive is unpredictable and many members are inexperienced—there were 13 executive changes last year. Mr. Leif Mills, the union's *shrewd general secretary, is* leaving his options open but has publicly questioned the national structure. The union's executive has already decided to try and "hive off" Midland by hitting the bank and appealing to its management.

A significant number of BIFU officers appear to support a move to domestic negotiations.

They say that the national structure has failed to deliver any significant benefits — no formal procedures and a settlement with the CBU which the banks are now pushing through without the acceptance of BIFU.

They also argue that because *of this the CBU can* capitalise on the national scene which it would not be able to do at domestic level.

The argument runs that domestic negotiations will allow the union to achieve better settlements, partly by allowing it to seek out weaknesses in the banks and by giving separate managements more leeway to negotiate by weakening the restraining influence of the *federation which decides the* banks' strategy on pay and other national issues.

The Transport and General Workers Union has had some success in this policy in negotiations for certain groups employed by the major oil companies.

Some executive members are very worried, though, about such a course of action which they see as a short-term expediency—designed partly to hit back at the banks—and one that would involve unacceptable *sacrifices*.

"They view with some alarm the idea of walking out entirely from the national arrangements." Mr. Ken Pooler, Bifu vice-president, said

The union would lose its place in the national forum, a move which runs counter to its claim of being the only national union in the banking industry. The union would also face five sets of negotiations and would be negotiating in effect with second tier management.

These executive members argue that in effect, Bifu *would be handling the national* scene to the CBU on a plate.

Certainly, the federation and the CBU would continue to negotiate nationally if Bifu fell back to domestic level. The federation could decide then to sign a formal national agreement with the CBU, including arbitration.

It might decide, though, not to aggravate the position—in the hope that Bifu would return shortly to the national structure—and simply agree less formal arrangements with the CBU.

Whichever option the federation *agreed it would still decide* the parameters of pay and conditions which each separate bank would be expected to work within during domestic negotiations with Bifu.

Civil servants reject Lord Soames appeal

BY PAULINE CLARK, LABOUR STAFF

A RENEWED Government appeal to Civil Service unions to return to the *negotiating* table met with an instant rebuff yesterday amid signs of mounting bitterness in the two-month-old civil servants' pay dispute.

Lord Soames, Lord President of the Council made the appeal in a letter to Mr. William Kendall, Secretary General of the Council of Civil Service Unions. It came only hours after the first union conference *decision this year to support* a national stoppage by civil servants.

The 46,000-strong Civil Service Union voted at its annual conference in Blackpool to back "an all-out strike of several days duration." It would for the first time involve staff in health and social security offices in action directly hitting the public.

The national executive motion was intended to give its leaders a *mandate to discuss* with the other eight unions the possibility of stepping up industrial action to include an all-out strike.

The CSU was the first of the unions to hold its conference since the start of the dispute. Its decision is likely to affect the outcome of similar resolutions expected to be before other Civil Service unions in the next few weeks.

Motions calling for a national stoppage will be debated next week at the annual conferences of the Civil and Public Services Association, the biggest *Civil Service union, in Brighton* and the Society of Civil and Public Servants in Blackpool.

The unions' determination to make their industrial action bite harder was underlined yesterday when their joint airports committee decided to reduce from 48 hours to 24 hours their notice of action to airlines.

Mr. Kendall, replying to Lord Soames' letter yesterday, emphasised that civil servants had "lost *faith in their employers'* goodwill."

"Much harder proposals" would be needed to get them back to work.

Lord Soames repeated the Government's determination not to increase its 7 per cent offer this year but pressed the unions to return to talks on its proposals for 1982.

Action by civil servants focused again yesterday on air *traffic control causing major* disruption to flight schedules from Heathrow, Gatwick and Manchester.

The unions plan further airport disruption today by calling out staff at the West Drayton air traffic control centre.

The Civil Aviation Authority said it intended to operate a service from the centre. Any reduction of normal services would affect some, but not all, *airports*.

Liverpool airport will be hit today by a separate strike call.

Miners' plea on cash ruling

BY OUR LABOUR CORRESPONDENT

THE EXECUTIVE of the National Union of Mineworkers will consider next week whether to appeal against a ruling by the certification officer, Mr. John Edwards, that it must charge a £74,000 investment in the Labour Party headquarters to its political fund.

Union officials are said to be angry over the decision by Mr. Edwards, who retired recently. They argue that the investment in the new Walworth Road headquarters of the party was taken on commercial grounds, and could thus legitimately come from its general fund.

The ruling concerned three complaints against the NUM made by a Nottinghamshire mineworker. Two of the complaints concerned spending £11,500 from the general fund by the Nottinghamshire NUM on travel by members to London to lobby MPs.

Trade unions will be worried that in future, expenditure from genral funds, will face more rigorous scrutiny.

ADVERTISEMENT

INSIGHT INTO JAPANESE MANAGEMENT

Bank of Tokyo

Bringing more business to Britain

For its last published term ended September 1980, the Bank of Tokyo had total assets of almost $54 billion, and deposits of over $25 billion. The profit after tax was almost $46 million for the *half year*.

Founded in 1946 as the successor to the defunct Yokohama Specie Bank, the Bank of Tokyo identified with its predecessor and went to great efforts to celebrate its centenary last year. It also celebrated the centenary of its London arm at the Mansion House in February this year.

The Yokohama Specie Bank was designated as a special foreign exchange bank under Government ordinance as long ago as 1887, and the Bank of Tokyo inherited that specialisation, being the only bank primarily concerned with finance of foreign trade and foreign exchange in Japan.

It has now more than 40 overseas branches and 24 representative offices, far more than any other Japanese bank. This network is supplemented by 33 domestic offices in Japan, and by 24 affiliates or associated institutions in overseas business centres.

The subsidiaries include California First Bank (with branches in the Caribbean and Pacific) and The Bank of Tokyo Trust Company, based in New York, as well as two London companies, Bank of Tokyo International (a merchant bank vehicle) and Saudi International Bank (a consortium bank with special expertise in Saudi Arabia).

The Chairman is Mr. Soichi Yokoyama, the President Mr. Yusuke Kashiwagi. The General Manager of the London office and Resident *Managing Director* for Europe is Mr. Kanji Goto.

Mr. Yusuke Kashiwagi
President, Bank of Tokyo

THE normally staid Bank of Tokyo, which is the private Japanese banking sector's strategic foreign exchange *arm*, is under energetic new leadership.

In the decades when he served the Ministry of Finance in Tokyo, Mr. Yusuke Kashiwagi came to be known as 'Mr. Yen', gaining fame for his tough but reasoned advocacy of Japanese financial policy at international monetary meetings.

Asked today about the *prospects for* the yen in 1981 and 1982, the President replied: Our economic performance this year and perhaps in the foreseeable *future* ought to be fairly strong, so that people outside ought to regard the yen as strengthening.

Now Japan's balance of payments may show a big deficit for some time to come, because of fluctuations in the oil price in particular. But the yen should remain competitive and even perhaps be one of the strong currencies in the years ahead.

Wilson: And what about the general economic outlook for the next year or two?

Kashiwagi: The prospects for 1981 are not too bad. Japan might be able to attain 4% or 5% growth, along with a slower rate of inflation. Wholesale prices might go up about 3% or so, consumer prices and the cost of living may be 5% or 6% higher.

The payments position depends on oil. But if there is no big radical *change there*, Japan should be able to achieve a smaller deficit than last year, as well as benefit by a considerable capital inflow because of the confidence our economy is generating among OPEC and other countries.

Wilson: How did you manage to beat inflation?

Kashiwagi: Well, monetary policy has been quite restrictive for *some time* and wage increases have been moderate. Japan has benefited from the appreciation in currency values. *And of* course our very high savings rate and large investments currently being made to improve productivity have helped.

Wilson: Are the other major economies going to turn around?

Kashiwagi: Yes. I hope so. The first half of this year may seem rather dismal but we hope things will improve with perhaps full recovery in 1982.

Wilson: Europeans worry about Japan's super-competitiveness.

Kashiwagi: At one time Japan used to be the bigger importer, today it is Europe. Where there is an unusual concentration in a particular sector, some accommodation might be called for by means of, among other things, self-restraint. Ultimately, however, we live in a world of free liberal trade. The industries affected should improve their competitiveness by their own efforts, perhaps with help from their Governments. I also think that more co-operation could be undertaken by leaders on both sides, like embarking on joint ventures, exchanging new technology or new ways of organising industries. That could perhaps soften the impact of such fierce competition. Perhaps we are already seeing this in cars.

Wilson: You mean actual new investment overseas?

Kashiwagi: Yes, an exchange of investments such as we already have with the United States.

Wilson: Some Europeans believe the Japanese market is too difficult, too closed.

Kashiwagi: Our market is very far from you, I agree. Perhaps more could be done to study it fully. But while it may be a difficult market to approach, today it is quite open. There are no artificial restraints. When Japanese TV manufacturers exported to Europe they found that the system operated differently in each country, so they tailored their products to fit. In the same way Europeans wanting to sell here in Japan should also study the market *fully and develop products meeting* our needs or tastes. We took twenty years, you know, to get into the European market.

Mr. Kanji Goto
General Manager London Office and Resident Manager Director for Europe

Wilson: Some of our manufacturers are daunted by Japanese efficiency, concluding there is not much chance for them to enter the market.

Kashiwagi: I must disagree with that. We have come a long way, I am sure, but we are by no means perfect and the market is open to new competition. Remember how much the Japanese public like European products. Do remember also just how big the Japanese economy is, last year about $1 trillion, or half the size of the U.S. It is well worth studying even to get a rather small share.

But the trade is now reaching a point where the Japanese side makes its approach to Europe more acceptable by *establishing industrial plants* in Europe and creating employment there.

Simultaneously this introduces to the Europeans at first hand to Japanese technology and management methods, so that you could learn more about what it is that makes Japan so competitive.

Foreigners find the Bank's name much easier to remember and pronounce than many of the other Japanese banks.

But it is also a name which nobody *links with any of the big industrial* groupings, the zaibatsu, and this gives the Bank of Tokyo the enormous advantage of being regarded as independent of these rival groups.

Mr. Kanji Goto (Managing Director for Europe): "Recently, for example, we were on the one hand advising the Singapore government on the *financing of a petro-chemical* project, while on another continent we were preparing feasibility studies for railway schemes for Brazil and Mexico. It is difficult for other Japanese banks to be quite so independent, straddling both sides of the fence. Incidentally in 1979 we, including our subsidiaries and *affiliates, either led, managed* or co-managed no fewer than 95 syndications worth $21 billion."

In that same year the Bank of Tokyo managed 19 yen-syndicated loans worth $2.3 billion, and it was also brave enough to arrange a $2 billion syndicated loan to China with $6 billion short term trade financing to go with it.

Becoming a multinational seems to suit the Bank of Tokyo more than it does some other Japanese firms. It employs 14,000 people in 77 cities in 42 countries, and more than half of that labour force is non-Japanese.

Mr. Tasuku Takagaki, Director and General Manager of the Personnel Division, said that several foreigners had been appointed to deputy general manager, and in the case of some affiliated banks there were some non-Japanese branch managers.

"In London," Mr. Goto said, "including the British merchant bank, Bank of Tokyo International and the branch of the American subsidiary, Bank of Tokyo Trust, there are 385 staff employed, of which 60 are Japanese."

The principal functions are commercial lending to Japanese trading corporations and manufacturers, as well as to British and other multinationals; foreign exchange, funding from the Eurodollar market (the Bank is the 'market maker' for the Japanese yen exchange rate in London); international financing through syndicate loans of all kinds, where the Bank is very active indeed; merchant banking through the new company and basic chores like looking after the needs of the smaller Japanese local banks.

The Bank of Tokyo is the only Japanese bank in London with a trade union, to which about 60% of its *staff* belong. Mr. P. Saunders, the Assistant General Manager, declared that the local staff "participate in decision making just as much as the Japanese do. But the officers dealing with telex and telephone links with Tokyo have to be Japanese in most cases."

"At the senior management level *Japanese and British banking* procedures marry together," Mr. Saunders explained. "Only at the junior management level do you get any difference."

The relationship between the Japanese and the British in the Bank is well summed up by Arthur Fowler, chief messenger who joined the Bank in 1952 and is the longest serving *British* employee. *Noting* that the Japanese officers normally serve in London for periods up to five years, Mr. Fowler declared very loudly in their presence that it is, "*more my* bank than theirs; they are more like guests. To them the work is just a chapter, but to us it is the whole book."

The President, as usual, had a good turn of phrase.

Kashiwagi: We are a multinational bank in terms of operations. In the past most of our effort was promoting Japanese business, but more and more we are now catering to the needs of non-Japanese corporations all over the world.

We are in a good position to bring new business to Britain, for example, by advising our Japanese customers and introducing them to British partners, or helping them in joint ventures and new marketing.

We have a destiny with the Japanese economy and its internationalisation. We are among the largest banks in the world and one of the more important.

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ONE OF A SERIES OF ARTICLES BY DICK WILSON ON JAPANESE ENTERPRISES IN BRITAIN

Hopes rise for change on electoral college

By Philip Bassett, Labour Staff

LABOUR PARTY and trade union moderates' hopes of securing a reversal of the decision on the party leadership taken at the special conference at Wembley were boosted yesterday when the Amalgamated Union of Engineering Workers cleared the way to giving them its support.

Securing the 850,000-strong block vote of the AUEW engineering section was vital for the moderates and for Mr. Michael Foot, the party leader, if they are to stand any chance of success of reversing the Wembley decision at the party's annual conference at Brighton this autumn.

However, there is still the prospect of difficulty over the AUEW's vote because of the haste with which the union's dominant Right-wing had to counter Left-wing manoeuvres which, if unchecked, would have dealt the moderates' chances at Brighton a severe blow.

Mr. Terry Duffy, the moderate AUEW president, was at pains to point out to the union's policy-making committee in Eastbourne that an amendment carried yesterday—which alters the union's present policy on the composition of an electoral college for the party leadership—would allow the AUEW to vote at Brighton for the moderates' favoured 50-25-25 proposal.

The AUEW had to abstain from voting at the Wembley conference because its policy then prevented them from voting for any formula which did not give at least 51 per cent of the college's votes to the Parliamentary Labour Party. The union's abstention helped the Left secure its victory of the composition of the college being 40 per cent of the votes for trade unions, with 30 per cent each for the PLP and constituency parties.

The loose wording of the amendment, though, leaves it open to challenge later in the year from the Left in the union, which is always extremely concerned that its complex rules and policies are followed precisely.

The decision is likely to be seen as giving support to Mr. Denis Healey's hopes of fighting off the challenge of Mr. Tony Benn for the party's deputy leadership, though the AUEW will not take its final decision on which candidate to support until its delegation meeting just before the party conference.

Owen, Healey clash over Common Market

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DR DAVID OWEN, Parliamentary leader of the Social Democrats and former Foreign Secretary in the Labour Government, last night clashed with Mr. Denis Healey, Labour Foreign Affairs spokesman, over the Common Market.

The exchanges came during the foreign affairs debate in the Commons. Mr. Healey, who has taken a more anti-EEC stand in recent speeches, hardly mentioned the Community but contented himself with a few swipes at the Common Agricultural Policy and the size of Britain's budget contribution.

Dr Owen called on him to clarify his position. He said that in 1961 Mr. Healey seemed to be "atheistic" about the Market. In 1967 he was an "agnostic," but as Chancellor he seemed to be avidly in favour of British membership.

Mr. Healey interrupted to say: "I have never been avid."

Replied Dr. Owen: "I thought you were when you were Chancellor of the Exchequer in 1977/78. But now I think you are ambivalent about the EEC."

Dr. Owen was also dubious about Mr. Healey's position on Nato and nuclear weapons. In the debate, Mr. Healey said that Europe had enjoyed 32 years of

Owen: called on Mr. Healey to clarify his position on the EEC

uninterrupted peace thanks to Nato. He said that Nato and its strategy of deterrents was overwhelmingly supported by the Labour Party.

Dr. Owen, however, pointed out that this statement did not make clear Mr. Healey's position over the use of the nuclear weapons in Europe. Nato, said Dr. Owen, had both nuclear and conventional deterrents.

Turning to Britain's relations with America, Mr. Healey demanded that the U.S. should immediately cease giving military aid to the Government of El Salvador. He said the junta was using the aid to massacre innocent people and this was driving the population into the arms of the extremists.

He also called on the U.S. to put an end to the training of "terrorist death squads" in Florida and said it was widely known that this was going on.

Mr. Healey indicated that he would be in favour of a future Labour Government imposing economic sanctions against South Africa if the Namibian problem was still unsolved. He thought that the recent vetoing of sanctions against South Africa was a disaster which meant that the Western powers had now lost the confidence of black Africa.

Mr. Douglas Hurd, Minister of State at the Foreign Office, asked if he was saying that the Labour Party was now in favour of imposing economic sanctions against South Africa.

Mr. Healey replied: "In so far as the Namibian question is concern, yes I would support it."

He felt that the long term

Healey: contended he had never been avidly in favour of membership

and immediate interests of Britain in trade with black Africa were greater than such trade with South Africa.

In a pugnacious mood he criticised the opening speech in the debate by Sir Ian Gilmour, Deputy Foreign Secretary, as a "flaccid recitation" of old communiques.

Sir Ian told the House that he was not necessarily pessimistic about the long-term prospects for improving relations with the Soviet Union.

"If the Russians are made to recognise that the West has the means and the will to defend its interests they will respond accordingly," he said.

It was, however, deplorable that the Russians had not shown any willingness to proceed with a genuine political settlement in Afghanistan, he said. Britain would maintain its efforts on this question as long as it was necessary to produce an acceptable solution.

"Withdrawal of Soviet forces would remove a major obstacle to East-West contact and cooperation," Sir Ian added.

In the meantime we should keep open our channels of communication with the Russians in order to prevent misunderstandings arising.

Mr. Eldon Griffiths (C. Bury St. Edmunds) asked for an understanding that Western help for the economies of Poland and the Soviet Union would not continue if Russia interferred directly in the affairs of Poland.

Sir Ian told him that such assistance was dependent upon the continued lack of foreign interference in Poland.

PM close to backing backbench call for action on closed shop

BY IVOR OWEN

THE PRIME MINISTER yesterday went close to endorsing the demand by Tory backbenchers for new legislation to prevent closed shop agreements automatically denying jobs to those who refuse to join a trade union.

Replying to questions in the Commons she declared: "To require a person to join a trade union as a condition of a job is in fact contrary to the fundamental liberties of this country."

Mrs. Thatcher said she had noted that 140 Tory MPs—including Mr. Edward du Cann, MP for Taunton and chairman of the influential Conservative backbench 1922 Committee—had signed the Parliamentary notion calling for new laws on the closed shop.

She recalled that this was one of the issues dealt with in the Green Paper on trade union immunities. The Prime Minister confirmed that when the consultative process had been completed a decision would be made on whether there should be further changes in the law.

Mr. Michael Spicer (C. Worcestershire South) suggested that the decision by a certification officer that the NUM had wrongly spent £86,000 from its general fund for political purposes underlined the need for union members who did not support the Labour Party to opt out of the political levy.

Pointing out that the opting out procedure had been in existence since 1913, Mrs. Thatcher commented: "We always advise people that it is their right and that they should take advantage of it."

Mr. Michael Foot, the Opposition leader, repeatedly clashed with the Prime Minister over the list of Government "achievements" which she would most like voters to have in mind when they went to the polls for the county council elections.

He claimed that she wanted them to forget rates, rents, unemployment and prices and all the other matters which had been so "grotesquely raised" by her Government.

Mrs. Thatcher retorted that it was not true that direct taxation was higher than ever before.

Support for compulsory seat belts

A BID by Lord Nugent of Guildford (Tory), to make wearing car seats belts compultory will be backed by Labour Peers.

This announcement, from Opposition front bench spokesman Lord Underhill in the Lords yesterday, makes it almost certain that the measure will go through on a free vote.

Lord Nugent said during the second reading debate of the Transport Bill that he intended to put down a new clause when the proposed legislation reached the committee stage in a few weeks.

Lord Underhill welcomed the Government's addition of a clause to the Bill in the Commons. The clause makes it illigal for a child under one year of age to sit in cars front seats, and for a child under 13 to sit there without wearing a belt.

But he added, to loud cheers from his backbenchers: "I deeply regret there is no provision for the general wearing of seat belts."

This was "an important omission from the road safety provisions" in the Bill, he said. He called for a change at the committee stage.

The Government should give its own approval to blanket compulsion

Overall cut in industry energy costs ruled out

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR. HAMISH GRAY, Minister of State for Energy, said yesterday that an across the board cut in energy prices to industry was out of the question.

"If we were to move towards subsidising its price that money would have to come from the taxpayers," he told the Scottish Conservative Party conference on its first day in Perth.

Another defence of Government policy to industry came from Mr. George Younger, Secretary of State for Scotland, who said Scotland was better placed to take advantage of the economic recovery.

The Conservatives' meeting in Perth Town Hall, festooned with banners reading "The right direction," hopes to revive confidence at a time when the Conservatives seem bottom of the heap in terms of voter popularity in Scotland.

A recent opinion poll gave the Tories 17 per cent of the Scottish vote compared with their 35 per cent showing at the last general election.

Mr. Gray predicted that gas prices to industry, after rising 30 per cent last year, would go up by about 13 per cent this year.

The Government has taken action to enable the fuel industry to charge customers more competitive prices. Money was made available to the electric industry to allow some companies to save 3 per cent of their electric bill and the Gas Corporation has frozen the terms under which they renew their gas contracts until September.

Mr. Younger said public purchasing policy had brought forward many jobs in Scotland. The progress made by new industries coming from abroad was remarkable, he said, referring to the expansion of the microelectronics industry. There was "a new start for industry in Scotland," he said.

Mr. Malcolm Rifkind, Minister for Home Affairs and Environment at the Scottish Office, made a powerful appeal for the promotion of the sale of council houses under the Tenant's Right Act (Scotland).

"We wish to end the residential apartheid that generations of Labour rule have imposed on Scottish housing. Instead of the vast single tenure council estates that breed social divisiveness, we want to see areas of mixed council homes and owner occupation which will be in the community's interest."

Government move to stop prisoners becoming MPs

THE GOVERNMENT is to act before July to stop prisoners becoming MPs—as Bobby Sands did last month—Mr. William Whitelaw, the Home Secretary told the Commons yesterday.

"The need to act is important and urgent," he said at Question Time. "I hope we shall be able to proceed with agreement throughout the House."

Mr. Enoch Powell (Down South) said his party leader, Official Unionist Mr. James Molyneux had deferred progress on his private member's Bill until July 10 "on the understanding that before that date the Government would be ready to come forward with an announcement and proposals."

Sands was elected for Fermanagh and South Tyrone on April 9 and his death after a hunger strike has left the seat vacant again. MPs seem determined not to allow a rerun of what many saw as an IRA propaganda victory.

The Government, however, may find it difficult to get support for such legislation. Mr. Foot, the Labour Party leader, has already made it clear that he has very serious reservations about any move to ban prisoners from standing.

He is coming under increasing pressure from some of his backbenchers to drop his support for the Government's refusal to grant political status to IRA prisoners. This week's issue of Labour Weekly, the Labour Party newspaper, is critical of the Opposition's "hand-in-glove relationship" with the Government over the handling of the Maze prison hunger strike.

EEC urged to aid Asia and Latin America

BY PAUL CHEESERIGHT

THE EEC should shift the direction of its development aid during the 1980s away from countries in Africa, the Caribbean and the Pacific with a total population of 300m to take account of the needs of the 2bn people in the poorest countries of Asia and aLtin America.

This is the most sweeping recommendation in a report on EEC aid published yesterday by the House of Lords Select Committee on the European Communities.

The regional approach to aid embraced by the EEC and embodied in the Lomé Convention, which associates former European colonies in Africa; the Caribbean and the Pacific with the EEC, may soon outlive its usefulness, the committee said.

Aid policy in the 1980s should be determined on the basis of need. So far EEC aid has had little impact on the populations of India, Bangladesh, Indonesia and Brazil. Aid to such countries between 1976 and 1979 was only £21.5m or 3 per cent of 1979 EEC aid spending, noted the committee.

This desire to widen the basis of EEC aid so that "collectively the Ten should promote a balanced worldwide programme of financial assistance which member states in their own right might find it difficult to undertake" ties in generally with government thinking.

India has traditionally been the biggest recipient of UK bilateral aid, and official policy is to give priority to the poorest countries in an attempt to ensure maximum benefit from a reduced budget.

The Government's response to the committee suggestion is expected to be set out when the report is debated in the Lords on June 3

More than half the EEC aid budget goes on food, largely milk products and cereals. The administration of the aid, said the committee, "is erratic and haphazard, and there is inadequate evaluation of the effects of the programme." It cited a case where an emergency shipment of skimmed milk arrived 18 months too late.

Its sharply critical approach to a programme, about which the Overseas Development Administration also has reservations, prompted the committee to call for internal EEC reforms leading to a concentration on long-term programmes.

Development Aid Policy from the Select Committee on the European Communities; House of Lords Paper 146; HMSO, £9.40.

Parliamentary business next week

COMMONS

Monday: Finance Bill—Committee. Local Loans (Increase of Limit) Order.

Tuesday: Completion of Committee of the whole House on Finance Bill.

Wednesday: Remaining stages Social Security Bill.

Thursday: Until 7 pm, completion of remaining stages of Social Security Bill. Progress on remaining stages of the Iron and Steel Bill. Remaining stages of the Ports (Financial Assistance) Bill.

Friday: Private Members' Bills.

LORDS

Monday: Forestry Bill Committee.

Tuesday: British Telecommunications Bill, Committee.

Wednesday: Debate on the difficulties caused by the housing situation. Short debate on the loss of the MV Derbyshire.

Thursday: Fisheries Bill, Report. Insurance Companies Bill, Committee. Marriage Enabling Bill, Third Reading. Debate on EEC report on asbestos.

Friday: Food and Drugs (Amendment) Bill, Second Reading. Indecent Displays (Control) Bill, Second Reading.

Call to act on cheque book journalism

BARONESS SHARPLES, widow of Sir Richard Sharples, the former Governor of Bermuda who was assassinated in 1973, is pressing the Government to act over cheque book journalism.

Her move last night follows the row over claims that the Daily Mail offered to pay large sums of money to the family of Peter Sutcliffe for their stories.

In the Commons earlier yesterday, Mr. Francis Pym, leader of the House, ruled out a debate on the matter.

"I think it is absolutely ghoulish the way the papers are behaving," said Lady Sharples at Westminster.

She has tabled a question next Thursday in the House of Lords.

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

How to beat the Sun at its own fusion game

BY GEOFFREY CHARLISH in California

ANY LABORATORY which occupies a square mile, employs more than 4,500 scientific and technical staff, including 1,000 PhDs, and spends about $400m a year must be a subject for fascination.

Those are the general dimensions of the Lawrence Livermore National Laboratories (LLNL), 40 miles east of San Francisco.

The laboratory was founded in 1952 when the U.S. Government decided that a second nuclear weapons establishment was needed apart from Los Alamos in New Mexico.

Since then the staff has grown from 75 to a total of 7,100. However, since 1970 the weapons activity has been reduced and now only 40 per cent of the staff are engaged on weapons.

The remainder have a single-minded goal—to achieve nuclear fusion energy sufficiency in the U.S. by the turn of the century.

The technical objective is well enough known—to compress and raise the temperature of a nuclear fuel such as heavy hydrogen adequately enough so that energy-releasing fusions of atomic nuclei take place.

The nuclei are forced into each other by thermal energy and proximity; the fusions give rise to extremely energetic neutrons which can be utilised, in an eventual reactor, to heat a surrounding "blanket" and raise steam.

But to obtain these conditions, the temperature has to reach many millions of degrees, approximately that of the sun. Very large amounts of energy are needed.

The key is to hold the temperature and density long enough for the fusion reaction to take hold, giving a net energy gain.

Mind boggling

It is all something of a gamble, and on the grand scale. The laboratories do not know if it can be done economically, "or, indeed, whether it can be done at all."

The apparatus involved in the attempt is mind-boggling and ranges from lasers the size of a motel to superconducting magnets weighing 375 tons which will be part of a $200m experiment in what is called magnetic mirror fusion.

LLNL has decided to follow the open-ended cylinder approach to contain the ultra-hot plasma (fusion reaction material—a white-hot vapourcloud). Work in the UK at Princeton Plasma Laboratory and elsewhere has followed the torodial approach: the plasma cannot escape because the reaction takes place in a ring-shaped tube—the so-called Tokamak.

If a straight cylinder is used, the particles of white hot plasma must be prevented from leaving the tube-ends. This is done by the fields from extremely powerful intricately shaped electromagnets at each end.

Equally powerful circular magnets placed at intervals round the tube keep the plasma off the walls. The plasma is heated by very energetic neutral atomic particle beams shot radially into the chamber.

This double-ended arrangement is called TMX (tandem mirror experiment) and $226m is being spent to build a scaled-up test machine that will be about 200 ft long and have end-plug tanks 35 ft in diameter.

The electromagnets placed in the end tanks each weigh 187 tons and have been an extraordinary heavy engineering challenge. For example, a coil-winding machine as tall as a house had to be built to wind the ¼ inch square superconductor in a complicated shape roughly resembling the seam of a cricket ball.

Much of the engineering work has been contracted to U.S. industry and recently RCA for example, brought to production stage the neutral beam injectors. These devices shoot uncharged high energy particles into the plasma to feed and heat it—the only feasible way of heating up the thin near-vacuum plasma.

For the brief moment that the beams operate—perhaps 25 to 50 thousandths of a second—each will dissipate many millions of watts with beam temperatures 100 times as hot as the surface of the sun. This minor fusion test facility (MFTS) is expected to be ready by 1985.

LLNL's other approach to fusion has been to build the world's most powerful pulsed laser system, SHIVA to compress and heat a tiny glass sphere containing deutesium-tritium fuel.

SHIVA—like the Hindu god of creation and destruction—has many arms. In all, 20 laser beams with a combined instantaneous power of about 25 trillion watts strike the target at exactly the same very brief moment—a few tenths of a billionth of a second.

Needless to say, the scientists need to make this moment longer and more powerful to compress the fuel still further (they have already achieved the density of lead) and raise its temperature even higher.

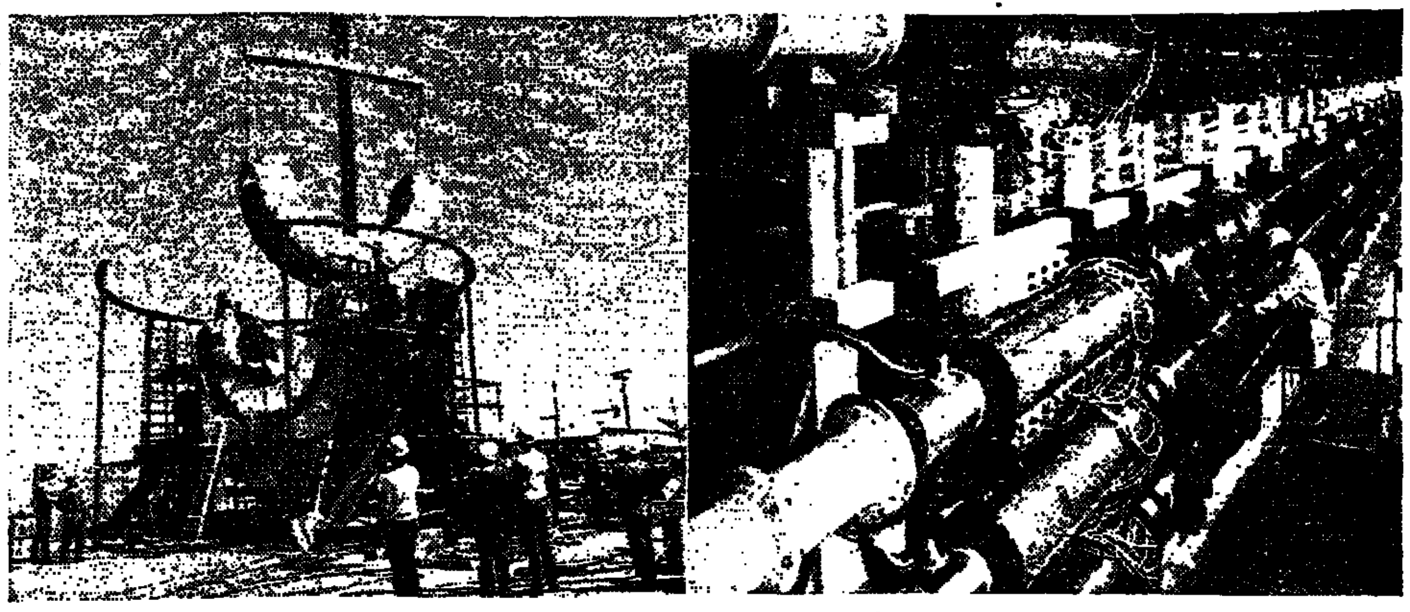
Thus, the even mightier NOVA is under construction at a cost of $195m. NOVA is expected to deliver pulses 10 picoseconds (billionths of a second) long containing 500 kilojoules of energy.

To grasp the scale: a one Kilowatt electric fire bar burning for one second emits one kilojoule of heat energy. NOVA will compress 500 kilojoules into 10 picoseconds—some 25 trillion watts while the pulse is on.

When NOVA fires at full power, LLNL scientists believe the fusion reaction in the tiny fuel pellet will emit more power in the form of neutrons than the laser input power. The breakthrough is expected in 1983.

This Californian laboratory, where work goes on in a more or less eternal summer, has one other "world's biggest" in preparation—the S1 Mark 2A computer, more powerful than either the CRAY or the big CDC machines.

It also has a team developing what many believe is the best bet for the replacement of hydrocarbon fuels in land transportation—the aluminium/water battery. These will be examined in other articles in this U.S. West Coast technology series.



One of the "cricket ball seam" elements of the 187-ton superconducting electromagnets used at each end of the TMX **magnetic fusion chamber hoisted into place to join its sister element at Lawrence Livermore National Laboratories in California. (Right) These are just six of the SHIVA laser amplifier chains—there are 20 altogether—that project their beams simultaneously at a fusion target no bigger than a grain of sand. NOVA, now under construction at a cost of $195m will be many times more powerful**

Safe after a tyre blow-out

NEARLY ALL makes of British car and some foreign ones can now be fitted with a safety device which prevents the shedding of a tyre following a blow-out.

Devised by Rubery Owen (Wheels and Assemblies of Darlaston) it can be fitted to existing tyre and wheel assemblies and is essentially a lightweight circular moulding which is produced in two halves and secured in position by a steel strap tensioned by a high tensile bolt. This fits into the "well" of the wheel and blanks off that recess.

News of this device follows the report on this page on April 28 that John B. Bennett Services had devised a tyre safety system for large vehicles. As in the case of the latter system, Rubery Owen's device prevents the tyre from leaving the wheel when a blow-out at high speed occurs. Called Rosafe, the devices are supplied in kit form at prices ranging from £17.50 to £31.

Lucas diesel fuel injection

LUCAS CAV had a product looking for a customer; when it found it, the result was the double, the Queen's Award for Technology and Export in the same year.

The product is a miniature fuel injector for the diesel engines of passenger cars. The customer is General Motors of the U.S. Now, Lucas' entire production of injectors—the microjector, it calls it—is earmarked for GM for years ahead.

In tandem

Already, the company has shipped 2.5m microjectors from the UK in two years and production is due to start at the Lucas CAV plant in Greenville, South Carolina, in a few weeks' time.

That accounts for the export award. Technically, Lucas scored on two counts, the design of the injector and the technology used to produce it.

Traditionally, fuel injectors have been bulky devices operating at high pressures and needing heat shields and gadgets to pipe away excess fuel.

Traditionally, the valve in the injector opened inwards; the microjector valve opens outwards, poppet style. Clever enough in its own right, but what gave Lucas the lead was the ability to produce the microjector in high quantity.

It meant microprocessor controlled lines and a technique called GFS—grinding from solid. This makes it possible to grind the entire valve to a tolerance of only one thousandth of a millimetre from hardened steel.

It means that heat distortion is eliminated and much finer tolerances can be maintained.

GM was the ideal customer. It wanted injectors in quantity for its big V8 diesels and it was looking for a system that would cut exhaust emission. The microjector fitted its bill perfectly.

The device is really suitable only for passenger car diesel engines with indirect combustion and the engine and microjector have to be designed in tandem, so Lucas has a lead in a very specialised market. But then 20 per cent of GM's passenger cars will be diesel by 1985. Lucas CAV is on 01-743 2788

ALAN CANE

POINTERS

Solvent device

ONE WAY of minimising risks of spillage or escapes of vapour from degreasing plant is by employing devices which will give an appropriate warning.

Solent Manufacturing of Bournemouth, Hants, which supplies hand-operated and automatic degreasing machines, has now produced a device which can be fitted to new and existing machines.

The company calls it a controller and its role is to monitor continuously the solvent level in the degreaser. Coloured lights indicate the various levels.

An amber light indicates that the level is low and a pump transfers clean solvent from a bulk supply until the correct level is reached. A green light then shows. If the bulk supply runs out the amber light remains on and the pump is switched off.

If the solvent level drops to a predetermined danger level, at which, for example, immersion heaters would be insufficiently covered, the controller switches off the source of heat to minimise generation of toxic fumes. At the same time a red warning lamp is illuminated.

The controller can also be used when refilling the plant with solvent after it has been emptied for maintenance.

Pipeline joint

A PIPELINE joint for use with liquids and/or gases with an abrasive content and designed to rotate under full working pressure up to 10,000 lb sq in has been introduced by Keymat Power Safety Hydraulics (0642 594963). Known as Kemjoint, it rotates on a system of bearings and seals and is designed for rapid assembly or dismantling.

The joint is available in three forms: single rotation; double and triple rotation; fixed and single centre rotation. Combinations of these forms can be made to produce any required directional movement.

It is supplied in sizes 1 in to 12 in normal bore and can be designed to meet any customer's specific requirements. Attachment can be by flange, weld or screwed connection to the main pipe.

Kemjoints are available in mild steel of stainless steel, with or without hard-face liners, and are said to be suitable for hydraulic and process systems. Where the line conditions require it additional features are available. For example, a removable Stellite liner can be fitted to provide maximum abrasion resistance.

By using a pressure transfer barrier; energised by the line pressure, the space between the seals can be filled with a suitable pressurised liquid barrier to remove the differential from the first seal and thus give a better performance.

The Kemjoint has undergone a series of tests at Sheffield University while a number of prototype units have completed three years' field trials on a pipe expander machine in a steelworks on Teesside. During that period the joints operated continuously without breakdown, says Keymat.

Fire detection

DESIGNED FOR use in high-risk areas where rapid detection of fire and/or combustible gas is vitally necessary, a new system from AFA-Minerva (EMI), Twickenham (01-892 4422) also provides automatic alarm and fire extinguishing control. Programmable facilities for monitoring and controlling the safety of related plant and equipment are also provided.

Its executive action modules can be programmed to signal plant or equipment shutdown or to signal urgent operation commands in the event of an emergency. Named System 750, it is claimed to meet BS and S1 standards for land or offshore duties.

The system is expected to be especially suitable for protecting offshore oil and gas installations and high technology or advanced production processes. It is claimed to be compact, lightweight and capable of providing a ready extension of risk coverage as installations change or grow in size or complexity.

More to give—but fewer takers

High interest rates are discouraging West German small businesses from taking up loans. Stewart Fleming reports

SMALL AND medium-sized companies account, on some definitions, for about two-thirds of the West German gross national product. But there are now fears that the flow of subsidised funds to this sector will be cut back as a result of the rise in interest rates over the last two years.

The Kreditanstalt fur Wiederaufbau (KfW), the government-owned agency which, in the last ten years, has taken on the character of a "development bank" for the "Mittelstand"—as the small business sector is known—is finding its lending commitments are falling because of high interest rates.

The KfW, with a Dm 50bn fund (£10.62bn) and a dominant force in the provision of cheap long-term finance, is now facing the challenge of channelling the proceeds of the West German Government's share of a proposed £2.7bn joint borrowing with the French on the international capital markets into the Mittelstand at a time when senior bankers have been expressing concern about the finances of companies in the sector. Such companies often have a narrow capital base and are therefore particularly vulnerable at times of combined high interest rates and a recession.

The KfW's determination to meet this challenge, laid down by both banking and the Government, contrasts sharply with the halting steps which the British Government and banks took as a result of the last Budget to give financial support to small businesses.

The British Government, for example, is planning a £50m a year programme over three years. In West Germany, in addition to the existing KfW programmes which will continue, the Government is planning a direct interest rate subsidy programme from the Budget of DM100m a year for 10 years on top of the KfW's DM 6.3bn international borrowings over the next 18 months. There are doubts in West Germany today as to whether the plan will work, mainly because of continued fears about the impact of historically high costs of borrowing on the willingness of companies to invest at a time when the immediate profits outlook is so poor. Trade associations representing sections of the small business sector have said that from the details of the programme they have already seen the terms on which finance is to be made available are too narrow and that many companies will not qualify. It seems, however, that these fears are greatest in service segments of the small business sector.

DOMESTIC LOAN COMMITMENTS BY THE KfW

	1975 DMbn	1976 DMbn	1977 DMbn	1978 DMbn	1979 DMbn
DOMESTIC INVESTMENT LOANS	4.60	3.07	4.60	6.30	6.00
to small and medium sized enterprises	1.90	1.90	2.60	4.30	4.70
within scope of housing construction	1.00	1.00	1.70	nil	nil
for other structural measures	0.57	0.80	0.30	2.00	1.30
EXPORT FINANCE	1.60	2.70	1.20	1.10	1970

But the potential can be judged from past evidence and from the close Government-banking sector co-operation which gives the KfW its leverage.

Bilateral

The KfW was set up in 1948 after the Second World War. It was originally the vehicle used to administer West Germany's share of the American funds sent to Europe under the European Recovery Programme (ERP)—"Marshall Aid." Unlike some of its neighbours, West Germany required that companies receiving these funds paid interest on them, with the result that a permanent financial institution was created through the KfW.

Today the KfW has three prime roles. It is a principal agency through which West Germany conducts its bilateral credits with developing countries; it has an important role in financing German exports (DM 1.8bn was loaned for this purpose in 1979): and since 1970 it has been playing a larger and larger part in financing small business.

The way in which its small business financing role has grown emerges from the statistics. In 1970 domestic investment credits from the KfW were under DM 1bn. In 1979, they were over DM 6bn.

The bulk of this programme is piggy-backed on the commercial banks with the KfW providing no more than 50 per cent of the finance, with the result that the total investment supported by KfW lending amounted in 1979 to DM 14bn—close to one tenth of capital spending on machinery and equipment.

In 1979 (the latest year for which complete data are available) KfW-supported finance accounted for 20 per cent of the overall capital investment needs of West German companies with under 200 employees.

The bulk of the KfW's lending is for such companies with a maximum of DM 200m a year sales revenue. These companies, it is argued, could not go directly to the credit markets and secure long-term finance on similar terms—especially true now when banks have billions of marks of cheap fixed-interest loans producing losses. The KfW itself raises 5-10 year finance directly from the markets — as a top-quality borrower, it even gets them on better terms than the Government — and through the banking system it makes the money available to customers brought to it by banks.

Currently, the KfW finds itself paying around 10.5 per cent for its funds while its loan terms are around the 9.75 per cent mark—based on a 94 per cent payout. The cost of money to the borrowing company is around 11.36 per cent. The company knows, however, that the rate is fixed with the KfW taking the interest rate risk. In addition KfW gives the money to the banks with a 1 percentage point discount.

The banks then take the whole of the credit risk which ensures that they thoroughly vet the customers they bring in to the KfW. The KfW finances the interest rate risk and subsidy out of its profits from export finance and the fees it earns from administering development aid for the Government.

Minimal

This provides one clue to the KfW's immediate problems. The rise in interest rates in the past two years has increased the cost of its interest rate subsidy. Its profits, out of which the subsidy is financed have, partly for this reason, been falling and were probably nil or minimal in 1980 compared with the DM 93.3m net income reported in 1979. Its ability to make loans on cheap terms is being undermined by this in spite of the fact that in the past year, KfW's lending charges have been increased.

Against this background, the new programme is being launched on the basis of foreign borrowings which can be expected to help the DM somewhat on the foreign exchanges without adding directly to domestic interest rate pressures or significantly to Government budget deficit (although there is some element of "window-dressing" in this). And the Bundesbank, the West German Central Bank, has indicated its concern about these aspects of the plans.

The new programme envisages a lending charge of around 9.5 per cent with the funds directed particularly at energy saving measures. Smaller companies cannot be expected to undertake energy saving investments so there will be some flexibility particularly for them.

There is, however, serious concern about the impact of the programme. It is feared that even at a rate of 9.5 per cent small and medium-sized companies will be unwilling, in the current economic climate, to undertake new investments not already planned.

The Bundesbank is known to be uneasy that the programme goes against the principle of reducing Government subsidies in order to control Government spending. It suspects that such foreign borrowing will bring foreign investors nearer to their limits for the proportion of DM they will invest in their portfolios.

Another doubt is that the programme will not be counter-cyclical, but run with the cycle and that demand for the finance will only materialise as the economy is coming out of recession.

For the banking industry, however, the plan has its attractions. At a time when banks are unnerved by interest rate patterns over the past two years and by the economic outlook and are much more reluctant than before to give fixed-interest term loans, they can envisage helping their customers without any interest rate risk. Provided they make the credit risk judgements and do not lend to companies which subsequently fail, there might be a reasonable return on their lending.

Unemployed—then back to work with panache

BY ALAN PIKE

WHAT IS the best use to make of redundancy money? One of the more sensible options, a group of Leeds furniture workers has demonstrated, is to use it to relaunch the company which has made you redundant.

A and H, a manufacturer of three piece suites, went into liquidation last summer and re-appeared, after the remarkably short interval of eight weeks, as Panache Upholstery. Panache, the Leeds workers and management might be forgiven for feeling, describes not only the product range but their own style in bringing the company together again.

Workers are sometimes accused of spending redundancy pay in a frivolous way—the "five minute millionaire" syndrome. At first glance a decision to plough the money back into the ruins of their old company looks less frivolous than fatuous. If such action is to be taken on a rational rather than emotional basis it requires great awareness on the part of the workforce that it knows why the old company has failed and can avoid the same problems recurring.

From the vantage point of their first six months' trading—with a small £12,000 profit and improved productivity to show for it—the Panache workers have the first evidence that they may have made the right decision.

Bob Wilkins, managing director of Panache, spent a long managerial career with the old company and was its managing director for the last few months of its life. He, and the workforce, blamed the company's problems on earlier decisions which had left it with an unsuitable product range. Although steps had been taken to remedy this they were too late to save A and H, and it went into liquidation in August.

Team spirit

The collapse put Wilkins and an 85-strong labour force out of work. It was a labour force with a strong team spirit—average length of service was 15 years—and there was a deep sadness about breaking up the team, even in the unlikely event of other jobs being available.

"The employees approached me on the day the receiver came in," says Wilkins. "They asked me what I was going to do and whether they could join me."

Wilkins, an accountant by training, says that although the least risky personal course might have been to return to his old profession he never seriously considered doing so. Motivated partly by his belief that with the right product range, the company could prosper, and partly by the spirit of the workforce, he sat down with employees' representatives and began discussing ways of reviving the works.

He calculated that the staff had £95,000 due in redundancy payments. "It was all we had and I told the workforce that, though not enough in itself, it might be the key to open some doors."

Wilkins agreed to meet all the legal and accountancy costs up to the point at which the company could be relaunched, and the group set off for Lloyds Bank to test out the idea. They were offered another £60,000 and emerged "a little bit shocked" that the show looked likely to go on the road.

The first—and in human terms the biggest—problem was that, although a total of £95.000 was due in redundancy payments the new company could not possibly re-employ all the former staff. If Panache were going to succeed, its levels and distribution of skills had to be precisely right.

Bob Wilkins: "The day the receiver came in, the employees asked what I was going to do and whether they could join me."

Wilkins and the workers' representatives agreed that people must be offered their jobs back purely on the basis of the contribution they could make to the new company.

This amounted to some short-service employees who had very little redundancy money coming back, while some of those with the highest payments did not. At the finish £65,000 was invested by 54 employees who launched the new Panache.

A few employees did not want to join the new company, while a few more did not want to invest all their redundancy payments in it. This partial support was not permitted. "The only thing we had in common was our redundancy pay and we decided it must be the lot or nothing," says Wilkins. "Some people had difficulties in persuading wives and husbands that it was the best possible investment for their money, but at the end of the day we assembled the workforce we needed."

In consequence, Wilkins, his wife, a fellow director—Peter Wood—and the employees have a controlling interest in Panache's equity. The remainder of the capital to launch Panache came in the form of a £180,000 loan from the Industrial and Commercial Finance Corporation and £30,000 start money under the Industry Act.

Officials of both the ICFC and the Furniture, Timber and Allied Trades Union visited Leeds to make sure that the workers knew exactly what they were letting themselves in for—and went away satisfied that they did.

Within two months of A and H closing, Panache was in business. The speed of the operation—breathtaking by the normal timescale of management buyouts—was essential if Panache was to keep the workforce together and retain the order book and customers of the old company.

So what have the workers let themselves in for? Their money has been invested in the company in the form of a five-year loan and a trust has been established to administer it. The workforce has elected Geoffrey Burnell, one of their representatives who took part in the negotiations to raise the capital for the new company, to the board as a worker director. But an offer from Wilkins to run Panache as a workers' co-operative was rejected by the employees.

Co-operative

"We felt that running the company through committees would not work," says Burnell. "Success depends on us all concentrating on the jobs we can do best, which means we need experienced managers and salesmen."

In one sense, says Burnell, Panache did not need a co-operative structure because its workforce and management knew each other well and felt that they could rely on each other. Union organisation has survived the restructuring of the company—in some ways it has become stronger with, for example, contributions collected at source by the company. But, says Burnell, it all fits into an atmosphere of open discussion about issues affecting the future of the company.

Wilkins describes the relaunching of Panache as stepping into the unknown: Burnell as a gamble. Both agree that, as a challenge and an experience, it beats other possible ways of spending redundancy money.

Business courses

Computers and Strategic Planning. Maidenhead, Berkshire. June 17-18. Fee: £310 (plus VAT) members, £340 (plus VAT) non-members of the Institute of Directors. Details from Education Director, Institute of Directors, 116 Pall Mall, London SW1Y 5ED.

Financial Management for Non-Financial Managers, St Wolfgang, Austria. June 22-July 3. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brusels, Belgium.

New Perspectives on Risk, Uxbridge, Middlesex. June 25-26. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Management in Research and Development, Slough. June 1-5. Fee: £300 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Inter-Personal Effectiveness Workshop—developing the skills of self-assertion, Uxbridge, Middlesex. June 11-12. Fee: £215 or £150. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Brand and Product Management, Brussels. June 1-5. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Alternatives to monetarism

BY ANATOLE KALETSKY

IT IS now more or less common ground in the financial world and among politicians of all parties that the monetarist cure for inflation has failed. Nobody, even in the Conservative Party, or at the London Business School, seems seriously to believe that inflation will fall substantially below the rate of 8 per cent which the Government inherited in 1979. The gilt-edged market is signalling its conviction that from now on, the trend in the inflation rate will be rising.

Purer brand

In the U.S., where nobody could now question the commitment of the Federal Reserve to an even purer brand of monetarism than that practised in Britain, long bonds are yielding 14 per cent. There, too, faith is apparently collapsing in the Gospel according to Saint Milton.

The change in fashion will present some difficulties to Mrs. Thatcher's speech-writers, since the word "inflation" will have to be slipped discreetly out of Conservative politicians' vocabulary. Indeed, the change is noticeable already. When justifying their macroeconomic policy, ministers are increasingly stressing the salutary effect of their tough stance on productivity and "realism." Soon, I suspect, the word "inflation" will hardly get a look in when ministers extol the virtues of monetarism.

Fortunately, some economists have been thinking hard about the real causes of inflation while their colleagues were jumping on the monetarist bandwagon. One is Mr. Andrew Tylecote, whose recently published book, The Causes of the Present Inflation, is an important attempt to bring economics back into the real world of bilateral monopolies between strong unions and non-competitive firms.

It is impossible to summarise in detail Mr. Tylecote's complex and highly readable arguments, which are based on an analysis of how unions and managers perceive the costs of resistance and concession in collective bargaining and of how these costs vary depending on economic circumstances.

However, his main conclusions are as depressing as they are convincing. Unemployment, he suggests, tends to increase inflationary pressure in the long run by reducing the supply of skilled labour, slowing down technological progress and stopping the "escalator" of automatic promotion which tends to dampen labour militancy.

The excess capacity produced by a recession is a powerful anti-inflationary force—but only in the short run, since excess capacity becomes rapidly obsolescent.

But even the resumption of world economic growth would only remove a contributory factor to inflation. The underlying cause would remain the growth of bilateral monopoly in the labour market.

The theoreticians' obvious answers to this are well known: weaken the unions and strengthen competition. The trouble is that there are very strong social and industrial imperatives (such as the political rights of workers and shareholders) which make this impossible.

The politicians' pat answer is an "incomes policy." But this too, is unlikely to work, particularly in the countries that need them most—those with slow growth rates, such as Britain and the U.S.

Experiment

Mr. Tylecote's own "modest proposal" is one that few commentators have been bold enough to suggest as a practical proposition, although the thinking behind it is by no means new. It is for governments to impose price controls with no allowances for wage increases above a certain norm, on all big companies which dominate important product markets.

By attacking directly the power of large firms to "make prices" and pass on to their customers whatever wage increases they concede and whatever inefficiencies they tolerate, this would impose a greater discipline on both unions and managers than either an incomes policy or a general deflation produced by tight monetary targets.

"The Causes of the Present Inflation" by Andrew Tylecote, Macmillan £20.

The seventh round entrant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

ROBERT LOUIS STEVENSON loathed Wick. His engineer father, Thomas, a lighthouse builder of international fame, built a breakwater across the harbour mouth in the 1840s and it collapsed within a few months. ". . . After expedients hitherto unthought of and on a scale hyper-cyclopean, the work must be deserted, and now stands in ruin in that bleak, God-forsaken bay, 10 miles from John o'Groats," Robert Louis wrote of the catastrophe.

Still remaining is the unhappy monument of the southern end of the breakwater. Local historians say the way the vast slabs of locally quarried stone were laid horizontally made them vulerable to the pounding of the North Sea backed by unrelenting north-east winds.

The failure, "the chief disaster of my father's life," nearly ruined Thomas Stevenson financially and spiritually and Robert Louis never forgave the town.

It is part of Wick folklore that the fall of the breakwater killed off the fishing industry. But on the wall of the harbour master's office hangs a photograph taken much later, at the start of this century, showing hundreds of fishing craft in the inner harbour.

The Russian revolution was probably more to blame. The First Soviet administration refused to pay the overthrown Tsarist fish bill from Wick, which with its 1,160 boats was then the herring capital of Scotland, and depending heavily on exports to Russia and the Baltic states. Many local fishermen were plunged into debt as a result.

For much of the present

AROUND BRITAIN

WICK

century this remote and windswept tip of Britain remained something of a backwater. Even the start of the development of North Sea oil in the 1960s seemed almost to make a point of missing out Wick. The Sullom Voe terminal was developed in Shetland, along with Flotta in the Orkneys to the north, and Aberdeen exploded into prosperity as Scotland's oil capital to the south.

One attempt to drill for oil off the Caithness shore nearby never got off the ground and another test drilling was abandoned. But in the 1980s the picture is changing and the 30,000 population of Caithness has begun to feel that it may at long last benefit from the North Sea oil revolution.

Of the recently allocated seventh round of oil exploration licences, 10 blocks for development lie within 16 to 55 miles of the Caithness coast—close enough to bring ashore such industrial spin-off of oil development as pipeline laying.

Other energy-related benefits have come in the nuclear field, whatever the environmental worries. The experimental fast reactor at Dounreay on the north-west Caithness coast, has more than tripled the population of Thurso and brought with it a technological training centre.

To complete the energy jigsaw, the Highlands and Islands Development Board is backing a local farmer anxious to develop the vast Caithness peat bogs. There are an estimated 85,000 acres of developable peatland in the district.

Later this month a spectacular launching near Wick will emphasise the area's budding relationship with North Sea oil. A steel pipeline, nearly two miles long, will slither down a track into the sea. From the construction shed of Kestrel Marine, the pipeline already stretches over the brow of a hill.

According to Mr. John Lidderdale, Kestrel's sales director: "It's like launching a submarine, 10,000 ft long."

The pipeline, a "flowline bundle" with three smaller pipes inside, built for Occidental, will be "floated" about 100 ft below the surface of the water buoyed by the air inside. With a seagoing tug attached by cable at either end, it will be slowly towed to its site in the main Claymore field.

Kestrel Marine has also dredged and built up Wick harbour as a supply and potential quayside repair yard with an eye towards North Sea oil development.

A new breakwater to replace Thomas Stevenson's is under consideration.

Whatever the fishermen's reservations about the expansion of North Sea oil, some of the men operating the 25 or so boats out of Wick today are among members of the Fishermen's Petroleum Company which has an equity stake in the companies involved in the next round of exploration.

A special Caithness working party has been formed from the regional development agencies, local government and industry to push Caithness as a good mainland base offering road, rail and air connections and good potential as a centre for service industries as the Moray Firth develops.

The major oil companies have their service bases in Aberdeen, Shetland and Orkney. But small companies, possibly joining in the oil hunt for the first time in this area, may well choose Wick.

The environment is certainly hospitable. Here the Highlands relax into rolling farmland for the last few miles of mainland Britain.

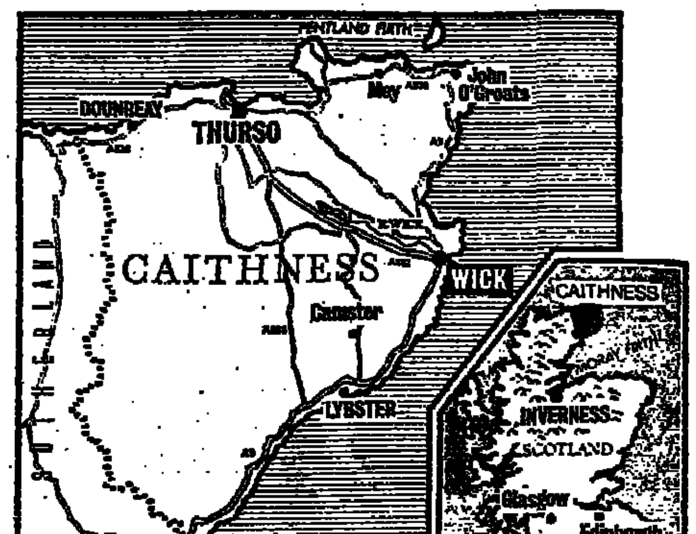
Mr. Bill Mowat, a local councillor and journalist, will tell you that these are the "Lowlands of the Highlands" where the people are of Norse stock and no Gaelic is heard. Remnants of their language, Norn, are still used to describe some birds and fish.

Wick is a greystone town clustered round the rivermouth harbour and serves as the main market centre for the small towns dotting the coast.

From the town the A9 runs north along the coast past several castle ruins and the vast peat bogs as well as some of the long-haired cattle of the north before the final slope down to John O'Groats.

Buffeted by the wind, the visitor can buy momentoes of the top end of Britain. In the local hotel hangs a photograph of the first car to complete the trip from Land's End.

Around a quarter-of-a-million tourists a year make this pilgrimage and there is even talk of a second hotel and a second ferry to take people across to the islands, which could bring a further boost to the local economy.



Decision time for Swinburn

RACING

BY DOMINIC WIGAN

FABULOUS SALT proved a major disappointment at Newmarket last week. Her rider, Walter Swinburn, who seems certain to opt for Shergar rather than Centurius in the Derby—irrespective of the outcome of next Wednesday's Mecca-Dante—is probably looking elsewhere for his Oaks mount.

This afternoon at Lingfield, Swinburn partners Exclusively Raised in preference to Allegretta in the Johnnie Walker Oaks Trial. His decision is likely to be justified but I expect neither of the Stoute fillies to hold Leap Lively.

With a classic winner, several classic hopefuls, Europe's champion sprinter, and one of the gamest stayers, all due to run at York next week, the course's May meeting should prove to be one of the most absorbing in the history of the Knavesmire.

Henry Cecil has won the Mecca-Dante Stakes for the past two years. But this time his main interests lie in events on Tuesday and Thursday. Fairy Footsteps—who gave Cecil his second 1,000 Guineas victory last week—prepares for the Oaks in Tuesday's Musidora Stakes. Ardross makes his seasonal reappearance in the Yorkshire Cup on Thursday.

Last season, when trained in Ireland, Ardross had just the worst of three epic battles with Cecil's Le Moss in the Ascot Gold Cup, the Goodwood Cup, and the Doncaster Cup. With the transfer of Ardross, now owned by Mr. Charles St. George to his stable, Cecil is in the enviable position of having a ready-made successor to Le Moss.

The Mecca-Dante has been previously contested by three who turned out to be classic winners — including the 1978 Derby hero, Shirley Heights—since Mecca bookmakers began their sponsorship in 1976. Of the probables in this race, Britain's richest Derby trial, Kalaglow, Robellino, and Centurius have all won group races.

Shotgun, who gave weight to his rivals, when winning the Heathorn Stakes at Newmarket recently, is regarded at Middleham as the north's best Derby prospect since the 1945 Derby winner, Dante, after whom Wednesday's race is named. He is currently offered at 14 to 1 by the sponsors of this race.

LINGFIELD

2.00—Little Robert
3.00—Exclusively Raised**
4.00—Rough Sketch
4.30—Charlotte's Choice*

THIRSK

4.15—Uppity***

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.52 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Mr. Benn. 2.02 For Schools, Colleges. 3.25 Trem: Leningrad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 Jigsaw. 4.55 Newsround Extra. 5.05 Rentaghost. 5.35 The Amazing Adventures of Morph.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
7.00 A Question of Sport
7.30 Des O'Connor Tonight
8.20 The Nightmare Man
8.50 Points of View
9.00 News
9.25 Knots Landing
10.15 Public School (London and South East only)
10.45 News Headlines
10.50 The Late Film: "All Neat in Black Stockings"

All Regions as BBC-1 except as follows:

CYMRU/WALES — 1.45-2.02 pm O Dan Y Mor. 5.05 Gari Gylifer. 5.25-5.40 Plant y Gofod. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Trem: Rhyfel y Gaeaf. 7.50-8.20 Terry and June. 10.15 Music Makers. 11.05 News for Wales. 11.06-12.54 am The Late Film: "Mahler" starring Robert Powell.

SCOTLAND — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15-10.45 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland, National News. 12.30 am News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) — Weekend: Midlands (Birmingham) — Weekly Echo; North (Leeds)—Success Story; North East (Newcastle)—Comeback; North West (Manchester)—Home Ground: South (Southampton)—The New Foresters; South West (Plymouth)—A Witness to Change; West (Bristol)—The Wurzels.

BBC 2

6.40-7.55 am Open University
11.00 Play School
2.15 pm Racing from Lingfield
4.50 Open University
6.55 Junior Pot Black
7.40 Mid-evening News
7.50 The BBC Television Shakespeare: "Antony and Cleopatra"
10.45 Newsnight
11.30 A World of Jazz
†11.55 The Outer Limits

BBC2 Scotland only: 10.30-11.00 am. 11.25 am-12.30 pm and 2.00-4.35: Coverage of the Scottish Conservative Party Annual Conference.

LONDON

9.30 am For Schools. 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 ITN—The Local Elections. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.45 "Joe Dakota" starring Lee Van Cleef. 4.15 Five Magic Minutes. 4.20 The Adventures of Black Beauty. 4.45 Freetime. 5.15 Clapperboard. 5.45 News.

6.00 Thames News
6.30 Thames Sport
7.00 Sale of the Century
7.30 The Incredible Hulk
8.30 The Other 'Arf
9.00 The Professionals
10.00 News
10.30 The Wembley Way
11.00 The London Programme: GLC Elections
11.35 A Place in the Sun
12.05 am Stars on Ice
12.30 Close: Personal Choice with Alec McCowen

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Who Controls the Counties? Malcolm Allsop will be examining the new balance of power in the region's country halls in the light of the local government elections. 6.00 About Anglia. 11.00 Members Only: up-to-the-minute interviews on political issues of the week. †11.30 Friday Late Film: "The Moonlighter," starring Barbara Stanwyck and Fred Macmurray. 12.56 am Your Choice.

ATV

1.20 pm ATV News. †2.45 Movie Matinee: "The Happiest Days Of Your Life," starring Alastair Sim. 6.00 ATV Today. 7.30 Vegas. 11.00 ATV News. 11.05 The Gunfighters.

BORDER

12.30 pm Election Special. 1.20 Border News. †2.45 Friday Matinee: "Twenty Mule Team," starring Wallace Beery and Anne Baxter. 6.00 Lookaround Friday. 6.30 Out Of Town. 7.30 Vegas. 11.00 Look Who's Talking. 11.30 Border News Summary.

CHANNEL

12.30 pm George Hamilton IV. 1.20 Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Lone Ranger." 6.00 Channel Report. 6.30 What's on Where †6.35 Laurel and Hardy in "Bacon Grabbers." 7.30 Vegas. 10.28 Channel Late News. 11.00 Soap. 11.30 Quincy. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "Eye Witness," starring Donald Sinden. 6.00 North Tonight, including Sportscall. †10.30 Coronation Street. 11.00 Thriller: "The Savage Curse." 12.15 am Seachd Laithean, presented in Gaelic by Angus Peter Campbell. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Silver Wedding. †2.45 Friday Matinee Arthur Askey in "The Love Match." 4.15 Hey, it's my Birthday, too. 6.00 Granada Reports on the Road. 6.30 Kick off. 7.30 Vegas. †10.30 Coronation Street. 11.00 City. 12.00 The Fugutive.

HTV

1.20 pm HTV News. 2.00 Houseparty. †2.25 The Friday Matinee: "The Intruder," starring Jack Hawkins. 6.00 Report West. 6.30 Welcome Back Kotter. 7.30 Vegas. 10.28 HTV News. 10.30 Coronation Street. 11.00 The Wembley Way. 11.30 Soap.

HTV Cymru/Wales—As HTV West, except: 9.35-9.50 pm Mwy Neu Lai. 12.00-12.10 pm Fialabalam. 4.15-4.45 Yr Ennillwyr. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm A Cathedral for Cornwall. 1.30 In Loving Memory. 2.45 Friday Matinee: "Appointment In Honduras," starring Glenn Ford. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies through Midnight: "The Return Of Joe Forrester," starring Lloyd Bridges.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "Danger In Paradise." 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Survival. 7.30 Charlie's Angels. †10.30 Coronation Street. 11.00 The Wembley Way. 11.30 Southern News Extra. 11.35 The Late, Late Premiere: "Landscape After Battle."

TYNE TEES

9.20 The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee: 'Eye Witness,' starring Donald Sinden. 6.00 North East News. 6.02 Sportstime. 6.20 Northern Life. 7.30 Vegas. 10.30 North East News. 10.32 Friday Live: Are We Fair to the Royal Family? 12.00 The Wembley Way. 12.30 am Countryside Christian.

ULSTER

12.30 pm The Eruption of Mount St. Helen. 1.20 Lunchtime. †2.45 Friday Matinee: "Twenty Mule Team." 4.13 Ulster News. 6.00 Good Evening Ulster. 6.35 Ulster Decides. 7.30 Vegas. 10.29 Ulster Weather. 11.00 Witness. 11.05 Struck by Lightning. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "The Lone Ranger." 6.00 Westward Diary. 7.30 Vegas. 10.31 Westward Late News. 11.00 Soap. 11.30 Quincy. 12.25 am Faith For Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film Matinee: "The Constant Husband," 6.00 Calendar (Emley Moor Belmont editions). 7.30 Hawaii Five-O. †10.30 Coronation Street. 11.00 The Wembley Way. 11.30 City—Documentary about Manchester City.

(s) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (s).

RADIO 2

5.00 am Ray Moore (s). 7.30 Terry Wogan (s). 10.00 Jimmy Young (s). 12.00 David Hamilton (s). 2.00 Ed Stewart's Request Show (s) including Racing from Lingfield. 4.00 Much More Music, with David Symonds (s). 6.00 John Dunn (s). 8.00 Take Your Partners at the Radio 2 Ballroom (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.00 The Little and Large Party. 10.30 The Organist Entertains. 11.00 Brian Matthew with Round Midnight, including 12.00 News and 12.05 am Sports Desk. 2.0-5.00 am You and the Night and the Music (s).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (s). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This week's composer: Stenhammar and Wiren (s). 9.45 The Royal Ballet (s). 10.35 Tenor and Harpsichord recital (s). 11.15 Mozart chamber music (s). 12.00 pm Midday Concert, part 1 (s). 1.00 News. 1.05 Midday Concert, part 2 (s). 2.10 The Ages of Man (s). 2.55 Pascal Roge piano recital (s). 4.55 News. 5.00 Mainly for Pleasure (s). 6.55 Play it again (s). 7.00 Glen Gould plays Bach (s). 7.15 One Pair of Ears. 7.30 Mayumi Fujikawa violin and piano recital, prt 1 (s). 8.10 The Great Prayer. 8.30 Mayumi Fujikawa, part 2 (s). 9.25 The Living Poet. 9.45 BBC Singers at St. John's, Smith Square (s). 11.00 News. 11.05-11.15 Holst (s).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the day. 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (s). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Four Seasons in a day. 11.50 Bird of the week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (s). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Down the Garden Path. 4.15 Drama up to now. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places with Richard Hudson-Evans. 7.00 News. 7.05 The Archers. 7.20 Pick of the week (s). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alastair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 The Archive Auction. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 Join Radio 2.

London Broadcasting

5.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports 7.00 pm. London Life. 8.00 Cup Final Special (repeat). 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 Greg Edwards. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,563

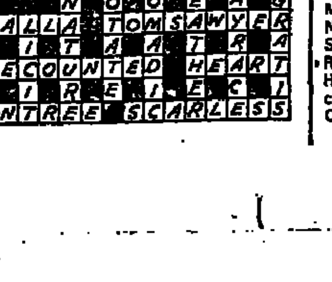
ACROSS

1 Stick the birds in a river and ignore the cost (4, 3, 7)
10 A slab put back in wood (5)
11 Pole always taking root, but at no future time (9)
12 Give enough to pay in full (7)
13 Choose again to whirl etc. wildly (2-5)
14 Prepare a lady's gown (5)
16 Work with newspapers or a tyrant (9)
19 Praiseworthy, it could be calculated (9)
20 European leader travelled to eat away (5)
22 Taken illegally as an egg may be (7)
25 Seducer in event I certified (7)
27 Concerning thing changed between dusk and dawn (9)
28 State of wedlock or a single state (5)
29 Lenient and unexcitable attitude of a prodigal (4, 4, 4, 3)

DOWN

2 Share a garden? (9)
3 Drug animal food (5)
4 Word of endearment to hairdresser? It could be tripe! (9)
5 Young fish in complicated revel (5)
6 Keep striving, always in dark blue (9)
7 Midday to the start of evening, and not a soul (2, 3)
8 Chosen, or one who had the right to choose the German Emperor (7)
9 Took undue advantage of sailor employed (6)
15 My Chopin's terrible although like a great orchestral composition (9)
17 One who is introduced to a church living holding gift and two notes (9)
18 Making furrow around church that is burning (9)
19 Disprove and become angry (7)
21 To be inaccurate over a book is quixotic (6)
23 Hail poles in plant (5)
24 Remove the sticky stuff from raw silk (5)
26 Tie up a bundle (5)

Solution to Puzzle No. 4,562



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight 7.30: ARIADNE AUF NAXOS. Sat & Wed 7.30: BARBER OF SEVILLE. Thurs 7.30: ANNA KARENINA. 104 balcony seats avail on day.

THEATRES

OLD VIC. 928 7616. CC 261 1821. S. Ton't at 7.30. Tomor at 2.30 & 7.30 CARVE YOUR NAME. Thurs at 7.30 THE BEGGAR'S OPERA.

OPEN AIR REGENT'S PARK. CC. S. 01-486 2431. COMEDY OF ERRORS previews from 29th May. MUCH ADO ABOUT NOTHING joins repertory 16th June. ANDROCLES AND THE LION from 6th July. BOOK NOW!

THEATRES

ST. MARTIN'S. CC. 836 1443. Evgs. 8.0. Tuesday 2.45. Saturday 5.0 and 8.0. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year.

SHAW THEATRE. 100 Euston Rd. 01-388 1394. Mon-Thur Evgs. 8.0 Fri & Sat 6.0 & 8.30. Until May 16 HENRY McGEE and MANDY RICE-DAVIES. TOM STOPPARD'S DIRTY LINEN. Seats £5.00 and £2.00.

CINEMAS

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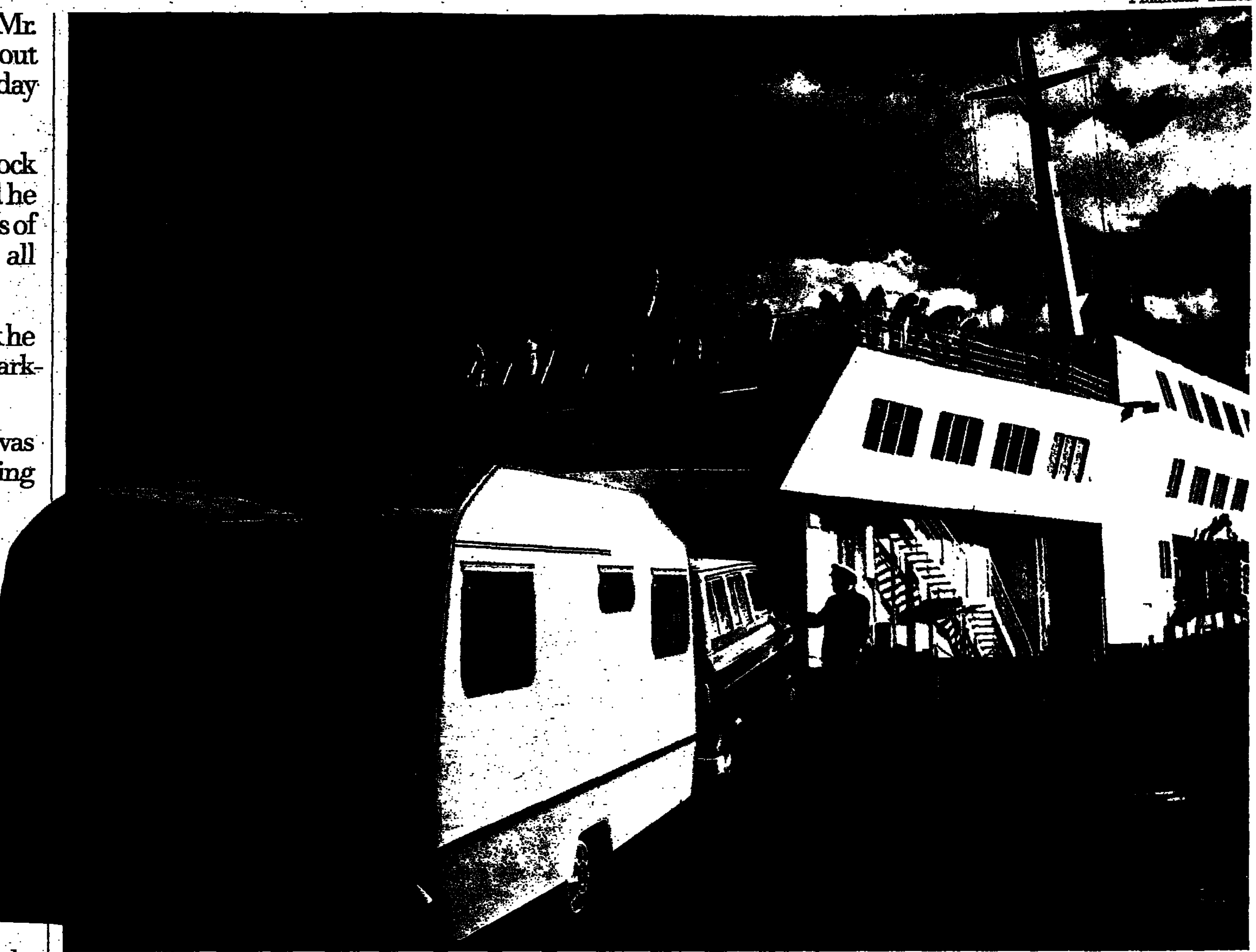


The day after we heard thieves had got away with Mr Kelly's old caravan, we let him get away with a new one.

7.00 pm JUNE 27th 1979. Mr. Kelly went to take his caravan out of hibernation, ready for a holiday in France two days later.

As he'd left it safely under lock and key at the local compound he was rather surprised to find bits of padlock and chain scattered all over the place.

To say nothing of the shock he received when he got to his parking space.

After blowing a gasket, he was forced to admit that something had definitely gone amiss:

His caravan.

He reported the theft to the police immediately, but helpful as they were, it looked as though Mr. Kelly had lost his holiday as well.

Taking his courage in both hands, he then had to face the rather daunting task of reporting it to his wife and kids.

9.15 am JUNE 28th. Many cups of tea and a sleepless night later, Mr. Kelly made his weary way to Commercial Union's office in Leeds.

Confident that he'd found a sympathetic ear, he poured out his troubles.

From what we could gather, there were no two ways about it:

Unless we helped buy a new 'van within the next few hours, all hope of his catching the ferry would go overboard.

His wife was upset enough already, never mind the kids.

Post-haste, we made a deal with the Kellys' original caravan salesman who promised to take the wraps off the caravan of Mr. Kelly's choice.

12.00 am. We handed over a cheque for £1,050, towards the cost of a new 'van.

By 5.00 that same afternoon, the little Kellys were busy loading their buckets and spades into the brand new 'van.

JUNE 29th. The Kellys sailed off into the sun with their caravan on tow and their faith in human nature intact.

We know this sounds more like an advertisement for Superman than an insurance company.

CU ASSURANCE

But after all the Kellys had been through, the least we could do was give them a break.

We won't make a drama out of a crisis.

THE PROPERTY MARKET

BY ANDREW TAYLOR

Battle over rate rises

THE COST OF occupying a British factory in 1981 is no more expensive in real terms than it was in 1973, despite sharp increases in local authority rates over the past few years, according to an important new survey just published by Debenham Tewson & Chinnocks.

The survey, which charts industrial rent and rate movements in 16 major urban centres since the early 1970s, is extremely relevant at a time when industry has mounted a vigorous campaign against "unreasonable and excessive" local authority rate increases in 1981-82.

Debenham Tewson's figures show that while industrial rents, after adjusting for inflation, have on average declined by 4 per cent since 1973/74, industrial rates over the same period have risen by 12 per cent in real terms.

The net effect of these movements, say the agents, is that the average real cost of industrial accommodation is no more expensive than it was in 1973, the year of the last rating revaluation in England and Wales.

Moreover, closer examination of the figures shows that the average rate burden of the 16 centres examined was, in fact, in real terms, greater in 1975/1976 than it is today

Industry, however, resents having to meet these latest rises—rates in the 16 centres have risen by an average 20 per cent in 1981/82 following a 22 per cent increase last year—at a time when company profitability has fallen and manufacturing in particular has been cutting its expenditure and investment in other areas radically.

Industry might also justifiably argue that comparisons with accommodation costs in the early 1970s are unfair, as this was an exceptional period for the property market when industrial rents stood at record levels. Also, the relatively higher levels of rates in 1975-76 were due in a large part to the cost associated with local government reorganisation in the mid-1970s.

Companies have also complained about the wide discrepancy between recent rate increases announced by local authorities. According to Debenham Tewson, industrialists around Heathrow will have to pay an extra 39 per cent—37 per cent in the London borough of Tower Hamlets while Glasgow has announced a 38 per cent rates increase—while factory users in Bristol will have to find a more modest 6 per cent.

The uneven pattern in rate increases is a direct result of Government measures to discourage overspending by local authorities through its new block grant system. But a number of local authorities have chosen to ignore Government spending guidelines by raising extra cash from commercial and domestic ratepayers.

In reply the BL car group has now added Birmingham City Council to the list of local authorities against which it has begun court proceedings in a bid to get its rates reduced. The others are in Coventry and Solihull. BL says that in Birmingham its rate bill has increased by 31.5 per cent to £5.4m; in Coventry by 31.6 per cent to £2.8m and in Solihull by 28.4 per cent to £1.69m.

The car group is appealing against these rises under section 7 of the 1967 Rates Act, "which provides a legal procedure for challenging the making of a rate if there is reason to believe the council is acting irresponsibly and failing to take into account relevant considerations, including Government guidance."

The Confederation of British Industry — which has asked the Government to impose a centrally determined ceiling on future commercial rate increases —recently estimated that rates now account for about 40 per cent of private sector company real profits (after making CCA adjustments for inflation and capital depreciation). This compares with 10 per cent in 1970.

It may be that rates account for only a modest proportion of total overheads — in the case of the CBI's Centre Point headquarters, rates account for about 15 per cent of total overheads, including salaries, rent and heating; for a BL factory the proportion would be significantly less — but at a time when industry is struggling to make ends meet, rate increases of this size are a very unwelcome extra burden.

Warning note for West End offices

INVESTORS seeking office property in London's West End should proceed with caution, says Weatherall Green and Smith in its 1981 property market report published this week. The agents, however, expect steady growth in City office rents during the next two or three years.

The agents advise caution for companies contemplating the acquisition of properties in the West End, particularly if these are let at rental levels close to those in the City.

"The traditional differential between City and West End rents seems to have virtually disappeared and we do not have the same confidence as to the increase in West End rents over the next five years," says Weatherall.

The agents advise investors purchasing properties commanding top-level rents in the West End "to seek some yield advantage above prime rates" — currently at around 4½ per cent or lower for top level office investments in central London.

The report is more optimistic about prospects for the City office market. Weatherall says that demand for top quality space will continue to be underpinned by the growth of the banking and financial sectors with continuing strong demand expected from international office users seeking space in the City.

The report, however, is cautious about several of the large schemes proposed for London's South Bank where several million sq. ft. of new office space is currently planned. Weatherall says that if all these schemes proceed "investors would be wise to restrict funding to those with the best public transport connections and with the closest links to the City and the West end.

Outside London, the agents believe that demand for offices in the Home Counties, particularly to the west of the capital, will remain keen. However, some prospective tenants facing rents of between £12 to £14 a square foot around Heathrow airport may be persuaded to look for cheaper accommodation along the route of the proposed M25 motorway and this may lead to a slower rate of growth in the Heathrow area.

Elsewhere in the country the report says that the provincial office market has suffered with the slackening of Government demand for accommodation but rents in city centres in Manchester, Birmingham and Bristol are still moving ahead.

Given the slower rate of growth in office rents in other major provincial locations and the lack of new development in these towns and cities the agents say that well selected investments in these locations could "perform well."

C & C in Wakefield

CAPITAL AND COUNTIES this week announced details of its proposed new shopping complex for Wakefield, Yorkshire, which it is developing in conjunction with Universities Superannuation Scheme,

This will be the first major shopping scheme to be undertaken by Capital and Counties since it completed its successful Eldon Square development in Newcastle in the mid-1970s.

The Ridings shopping centre in Wakefield at 250,000 sq ft will be about a quarter the size of the Eldon development and will integrate existing British Home Stores and Boots shops as well as linking with a rebuilt and enlarged Marks and Spencer unit.

A likely value for the Wakefield project is £30m, compared with around £100m for Eldon Square. Development cost over the next three years is estimated at £18m, a quarter of that to be provided by C & C and the rest by Universities Superannuation Scheme, with the City of Wakefield putting up the land.

C & C, which is to manage the scheme on completion, expects to get close to 30 per cent of the net income from the project once it comes on stream, giving the funders a little under 60 per cent and the City of Wakefield a figure running up to 15 per cent. Rents will be fixed as a percentage of turnover as C & C believes that this way it will get a better tenant mix.

Ladbroke U.S. plan

LADBROKE, the leisure, property and betting group, yesterday announced plans to launch a new property development division in the U.S. where the group has already acquired a number of development sites.

The new company, which will kick-off with funds of U.S.$22m, is to be 72 per cent owned by Ladbroke, with family interests of Mr. Kurt Kilstock—managing director of Ladbroke's UK property arm, London and Leeds—owning the remaining 28 per cent.

The U.S. deal marks the latest development in a successful relationship between Ladbroke and Mr. Kilstock following the merger between Mr. Kilstock's private property company and Ladbroke in 1972. Ladbroke now owns 87 per cent of London and Leeds while Mr. Kilstock's family interests retain a 13 per cent stake.

The new venture involves a complicated series of transactions by which Mr. Kilstock will provide U.S.$3.1m for his stake in the U.S. company—Ladbroke will be putting in a U.S.$7.9m and provide loans for a further U.S.$11m.

To finance his part of the deal Mr. Kilstock proposes—subject to shareholders' approval—to sell to Ladbroke for £3.04m his 19.4 per cent stake in a Brussels office block at 8 Square de Meeus. After the deal, Ladbroke will own 77.5 per cent of the building with balance held by Westminster Bank Pension Fund.

Ladbroke said yesterday that the new company will operate alongside its existing property interests. Mr. Kilstock will move shortly to the U.S. to head the new division and will retain overall responsibility for Ladbroke's other property interests in the UK and elsewhere.

The group said that to take full advantage of the wide opportunities in the attractive U.S. property market it was important to establish a locally-based company with the necessary "ability and authority" to make and implement speedy decisions.

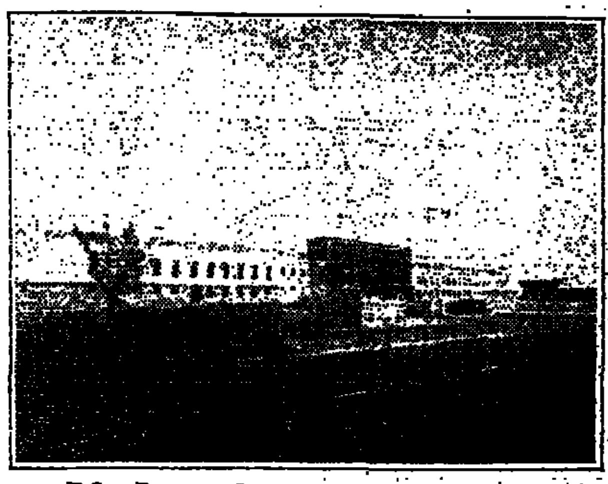
The group already has several U.S. property investments in train. Work has started on a 900,000 sq ft office park on the borders of New York State and Connecticut in which Ladbroke has 51 per cent stake. The group also has interests in two office sites in Miami. It is planned eventually to inject all these developments into the new U.S. company.

Ladbroke's property interests are playing an increasingly important role in the group's development, particularly since the demise of the group's casino business.

In 1980 profits from property rose from £4m to £5.3m while property earnings accounted for almost a sixth of total pre-tax profits down from £49.2m to £32.6m.

Fleets Lane, Poole

Electronics/High Technology factory with expansion land Freehold for sale



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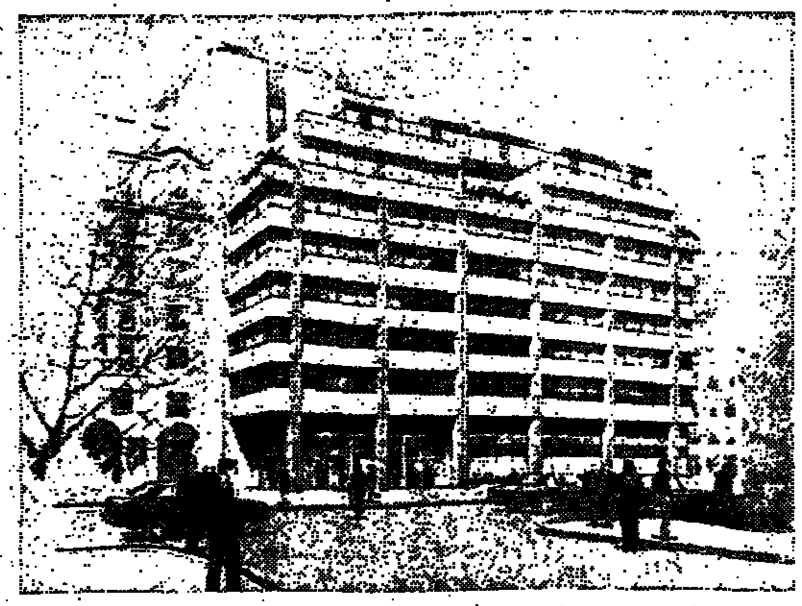

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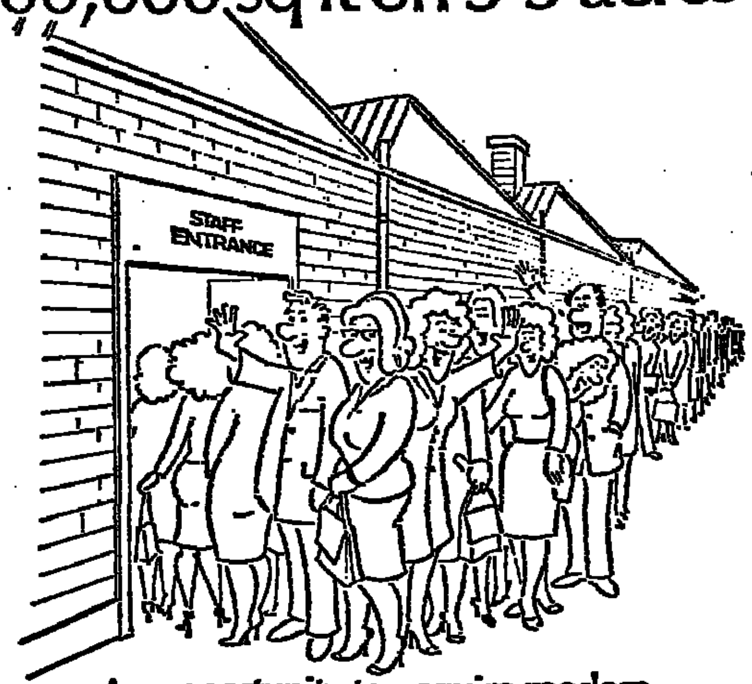

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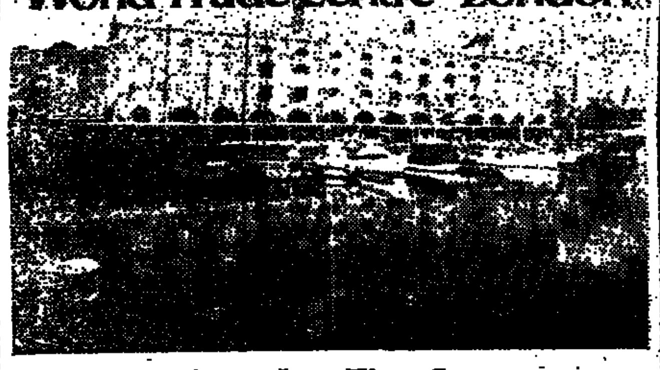

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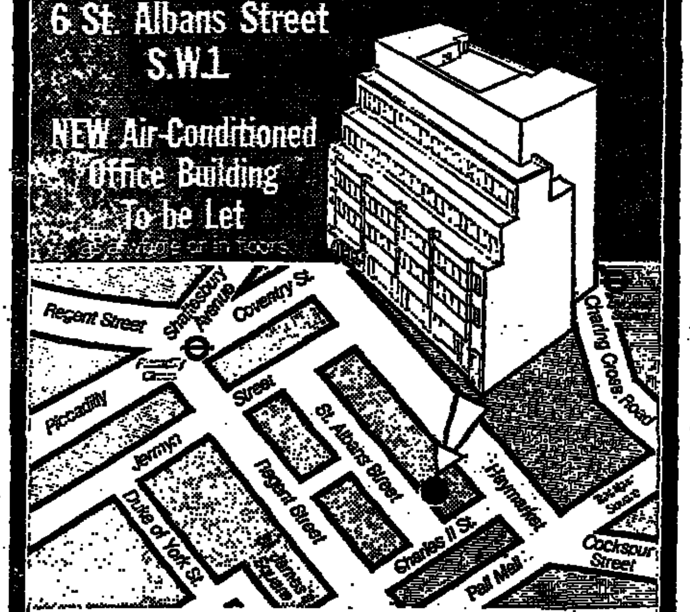

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THE ARTS

Whitehall

Anyone for Denis?

by MICHAEL COVENEY

The outrageous fiction perpetrated each fortnight in Private Eye's "Dear Bill" column that Denis Thatcher is a hard-drinking reactionary whose golfing retirement has been scuppered by the Boss's political eminence is in danger of taking irreversible hold on the public imagination. Unlike his fellow consort, Prince Philip, Mr. Thatcher has maintained a low profile. Private Eye has given him a voice and an identity.

John Wells writes the "Dear Bill" column with Richard Ingrams, but the latter has had nothing to do with this exuberant stage spin-off. Bill never *appears, just as he never replies* in print. He remains at the end of the Chequers telephone line as Denis snatches clandestine conversations in between his desperate attempts to break into the drinks cabinet. It is *about time* we *had* some *full*-blooded lampoon on the London stage. The beauty of John Well's script is that political lampoon has been incorporated into a farce structure moderately good in itself but better when viewed as a *hommage* to the tradition of Vernon Sylvaine, Philip King and Brian Rix.

The drinks have been locked up by the Prime Minister before departing for Brussels. With the coast seemingly clear, Denis has invited the Major and everyone's favourite bankrupt, Maurice Picarda, down for a Chequers weekend. The drunks are taking over thanks to the Conservative election victory. Denis himself is thought by the mysterious Russian spy (Jeffry Wickham is first seen bugging the daffodils) to be an agent. Denis takes this to mean he is "a gent." British farce is traditionally riddled with such flimsy premises for confusion and high jinks.

Chequers is also blessed with a butch Rear Admiral (Joan Sanderson) and a butler, Jenkins (John Nettleton), who is prepared to wait for power to drop into his lap like a ripe fruit. Mr. Nettleton's mimicry of Roy Jenkins is brilliant, blinking mildly while clutching air with an upturned left hand in order to ram home some tortuously conceived moderate point or other.

Once the spy business and Mrs. Thatcher's unexpected return (to find the Major and Maurice hauled up on a dangerous driving charge) have been cleared up with a stage full of smoke thanks to the antics of Eric the bodyguard (Nicholas Farrell) launching an SAS-style assault on the dining room, there seems nowhere for the second act to go. But Ian Clement's production extracts ingenious fun from the doubling by Edward Fox and John Cater of Denis's chums with a pair of ponderous Eurocrats. Boris, too, disappears in favour of a geriatric Hollywood sidekick of President Reagan quick on the draw with his polaroid.

Angela Thorne's rendition of the PM is a real joy, domestic chatter freezing into sing-song speechifying while all on stage form an improvised party platform. She is fully matched by *John Wells himself* as the toothy Denis, muttering private expletives ("Peregrine Worsthorne!") as he pads forlornly round the panelled lounge dreaming of snifters, tinctures, lotions and snorts.

When the Major and Maurice effect a getaway disguised as Margaret Thatcher look-alikes, Denis introduces them with a wave of his hand as the Boss's "economic advisers." The show restores the sound of genuinely irreverant laughter to our theatre. It also has more than a little to say about the state of the nation. Pass the sick bag, Maurice!

Leonard Burt

Angela Thorne and John Wells

Cinema

Adultery shock horror

by NIGEL ANDREWS

The Postman Always Rings Twice (X)
Odeon Leicester Square
Circle of Two (AA)
Studio Oxford Street, Scene
The Funhouse (X) and My Bloody Valentine (X) Plaza 1
Ermanno Olmi ICA

The Postman Always Rings Twice is one of those films that are wired up for excitement, packed with all the right components, all set to go, and then no one can find the *electric* switch to turn it on. James M. Cain's steamy 1934 novel of adultery and murder has been filmed thrice before — a French version, an Italian (Visconti's *Ossessione*) and an American with Lana Turner and John Garfield — and this latest, with Jack Nicholson and Jessica Lange as the lovers, is the most faithful to the book and probably the least thrilling as a film.

Cain's stormy adulterers, the young wife of the Greek proprietor of a California roadside diner and the Depression drifter with whom she slides into a torrid romance that ends in the husband's murder, were scandalous romantics in the decade when he created them: kicking egotistically against the penury-with-puritanism of an age when poverty ruled the pocket and the Hays Code ruled the *pudenda*.

For audiences in permissive and prosperous (relatively) 1981 they seem more like a pair of ants-in-the-pants loonies trapped in an inhospitable timewarp. Director Bob Rafelson (of *Five Easy Pieces*) has been scrupulously faithful to the book's Depression context: the eaten-away settings, the care with the right newspapers, bottle-labels or biscuit-tins, even a 1930s-ish air of *film noir* shadowiness in the photography. But that doesn't help to make the story come alive for us now. From the moment of the opening lust-at-first-sight *oeillade* between Lange and Nicholson—she a glazed and slightly goofball beauty *sending* shockwaves of sensuality across the diner's kitchen, he a priapic hobo leering through steak-and-eggs and a two-day's beard — the momentum is all there, but the sense of a bruising now-ness that should be the stuff of good melodrama is nowhere to be felt.

Skulking and scowling through its festoons of shadow and cynicism, the movie does its best to shock us: with sex on the kitchen-table, with an abortive murder attempt that merely maims, and with a second, successful murder that involves a faked car-crash with sadomasochism en supplement. (*Lange and Nicholson* are so "turned on" by tearing each other's clothes and hitting each other to feign disarray that they make hasty love at the scene of the crime.)

But Nicholson is one of those *more-is-less actors* who is far more potent as a sleek operator dispensing slyboots wit and wisdom in a suit, as in *Chinatown*, than as a randy, up-and-at-'em, off-the-road satyr. Miss Lange, who was lately seen as King Kong's *inamorata* and has perhaps developed a taste for rough treatment, has a brat-goddess beauty and a *fiery* independence which are both fine: except when one pauses for thought and asks, why on earth did she marry this pot-bellied old growler of a Hellenic restaurateur in the first place? Judging by the less than de-luxe class of his establishment, which would seem to qualify for two crossed plastic teaspoons in Michelin, it can hardly have been for financial gain.

But this film doesn't unfold in the real world anyway. It is set in a halcyon Hollywood limbo of exotic squalor and shadow-lashed pessimism. In a movie age rife with remakes this one seems even more out of touch with today's reality than most. At least *King Kong*, *Flash Gordon* and their ilk appeal to a genuine modern thirst for light-show spectacle and pop-art exuberance. *Postman* is an antique melodrama dusted off and given *art-house* treatment and ending up looking even more cadaverous than its originals.

★

Richard Burton, two blue eyes above ravined cheeks and a face resembling a bomb-crater—with the whitish hair as the smoke above—plays Ashley St. Clair, artist. Tatum O'Neill, rosy-cheeked, simpering and bland as blancmange, is his schoolgirl admirer. They fall in love in a Canadian restaurant; through days of fraught friendship in Mr. Burton's barn-style studio they hold back their passion for each other: and the question the audience *struggles to hold back*, *gagging* itself with decency and discretion, is will this love leap the age-gap and be consummated in a carnal *amour*? And if so when?

The film is *Circle of Two* and the director is Jules Dassin. Dassin's tilts at Mediterranean passion in *Never on Sunday* and *Phaedra* were strictly package-tour in sensibility, but at least they had Melina Mercouri, Greece and a certain daft exuberance What Dassin is doing here making a film about the Electra complex in chilliest Canada is a mystery. This is one of those tippy-toeing-around-taboos films, like *The Blue Lagoon*, that get themselves into such a faint-hearted pother of anticipation and trepidation before the Unmentionable happens—if it happens—that they're too exhausted to enjoy it by the time it does.

Burton growling out dire dialogue in his lofty studio; Tatum O'Neal posing decorously nude for one of his resistible paintings; Tatum following him to New York with a last and *reckless gesture of romantic* abandon; there is a polymorphous eccentricity about this film that is sometimes endearing. One just wishes is that it didn't spend so much time shadow-boxing with a fascinating theme—love across the generations—and being too nervous or nicely-bred to land a *solid punch*.

★

There is nothing nervous or well-bred about *The Funhouse*: as unmannerly and uninhibited a piece of take-your-money-and-run horror as the year has produced. Lurid nasties and ogres from a well-carpentered nightmare shimmy and lunge out at you from the darkness as four teenagers are trapped in the "Funhouse" of the local fair. They have witnessed a murder—of raddled fortune-teller Sylvia Miles by mutant freak Wayne Doba—and the murderer is after them, hunting through a horror-labyrinth that he knows well and they don't. Skeletons bob up and rattle, faceless voices cackle, gorillas growl and tympany their chests, nooses pop down from the ceiling—and amid all this penny-dreadful frisson-fakery "real" death stalks.

The Funhouse plays in a double-bill with *My Bloody Valentine*, wherein a maniac killer stalks a mining town on St. Valentine's Day collecting human hearts, and both movies belong to what has begun to take shape as the post-Vietnam horror cycle. Grand Guignol guerrilla-style is the trend: assault-course stories in which horror pounces out from corners and snipes from shadows, denying the just propotion and clear visibility *of the battlefields*.

The great action image in Hollywood popular movies used to be the one-to-one Western showdown, with hero and villain advancing down a dusty street in clearest daylight and the camera jogging mythopoeically behind alternate holsters or peering between alternate pairs of legs. Today the ruling leitmotif of American action cinema is the terrified prowl through ambush territory. You only meet your enemy when it's too late: when the blade has swung out from the tenebrous void and landed with a nasty thump in your stomach. (In *The Funhouse* it's an axe, *in My Bloody Valentine* it's a pickaxe.)

Both these movies are better crafted than *most* horrors of late, and *The Funhouse* boasts the most fearsome use of soundtrack hyperbole—clanking chains, screeching metal, hissing steam—since *The Texas Chainsaw Massacre*: with which, I hasten to add, it shares the same director Tobe Hooper. This double-bill may not be Great Art, but cheap art sometimes takes the pulse of an age better and these gaudy-ghastly fantasies bubble *right up from* the 1980s Unconscious.

Meanwhile the ICA cinema is currently festooning the Mall with rare treasures ancient and modern. They follow their recent pickings from independent British cinema with a season devoted to Italy's Ermanno Olmi. Olmi's lambent, liturgical realism was seen at its most epic in *The Tree of Wooden Clogs*, but his earlier films are often subtler, suppler and more searching. Look out for *I Recuperanti* and *La Circostanza*, neither seen publicly in this country before, as well as older favourites like *Il Posto* and *I Fidanzati*.

Jack Nicholson and Jessica Lange in "The Postman Always Rings Twice"

Chichester Festival Theatre

The Cherry Orchard

by B. A. YOUNG

A dim light glowing behind the slatted wall at the back of the open stage in Maria Björnson's set resolves itself into *Dunyasha with a paraffin* lamp. All it reveals in the nursery is Lopakhin sleeping in an armchair, a Lopakhin who in Emrys James's portrayal has put off every outward sign of his peasant birth. He is impeccably dressed, and he behaves impeccably. Yet when the "gentry" come in, you see the difference. He is concerned with getting things done, the others are unconcerned with anything at all, happy to sit about at two in the morning, purring and mewing their delight at Mme. Ranevskaya's return from her escapade in Paris to the cherry orchard she loves so dearly and neglects so easily.

Claire Bloom's Ranevskaya is as lovely and as useless as the orchard, pouring boundless affection over everyone without much care for them, moaning with delight at the beloved sights she quit to join her lover. To present such charm, and not to forget her fundamental silliness, is quite an achievement, and Miss Bloom surmounts it alike in ecstasy and in misery.

Patrick Garland's production, *his first as Artistic Director*, shows a gallery of characters who seem more interested in displaying their personal eccentricities than in telling the story. Especially in the first two acts, things move rather slowly as they *take time to* exhibit themselves. Joss Ackland's Gayev is as silly as his sister, and as likeable in a different way—moon-faced even-tempered, not much interested in anything that's going on as long as it gives him a chance of a pretty speech. Phoebe Nicholls, as Anya, is clearly going to grow up another Ranerskaya; she acts and even looks amazingly like her mother. In contrast, Varya is kept almost tragically serious in a clever performance by Sarah Badel that trades on colourlessness.

The "comics"—Yepikhodov, Charlotta, Yasha—are encouraged to *flaunt their idiosyncrasies*. Keith Bartlett's Yepikhodov (whose nickname in David Magarshack's translation comes out as Two Left Feet) goes everywhere with his guitar at the *ready until Varya throws* it at him in a fury. Angela Pleasence plunges Charlotta into her circus origins; to do her tricks at the party she changes into a clown's costume and a boy's at that. Yasha is so much *unlike a servant* in Martin Chamberlain's performance, plump, arrogant, smartly dressed in tweeds, that any employer less foolish than Renevskaya would have turned him away at once, thus simultaneously breaking the hearts of Anya and Dunyasha (Patricia Brake).

Christopher Timothy looks splendidly dirty and untidy as Trofimov; when you think how he must have smelt, you wonder at the closeness of Ranevskaya's embraces. (No one ever thinks of personal smells on the stage.) He delivers his political speeches as if they had been written and rehearsed for delivery from a NUS platform. Poor Firs (Lockwood West), who has been limping around muttering to himself, seems to find some solace in the prospect of death by hypothermia at the end, for he stretches himself *out on the stage* giggling through a beatific smile as he pronounces his own epitaph, "Good for nothing."

So Lopakhin clearly emerges as the centre of the play, for everyone else is decoration. High-class decoration, mind you.

Sadler's Wells

Théâtre du Silence

by CLEMENT CRISP

The first thing to say about the Théâtre du Silence, at the Wells this week and next, is that it is not, thank Heavans, a mime company. It is a contemporary dance troupe, based at the Maison de la Culture in La Rochelle and a bright, well-mannered ensemble. Its guiding spirits are Brigitte Lefèvre and Jacques Garnier, who provide some of the choreography, but various other creators are involved—the two programmes on this first visit to London offer works by six choreographers.

The opening bill began with Merce Cunningham's *Changing Steps*, a set of duets and group *dances* that reveal the sound technical basis of the dancers. It is a typical Cunningham piece in its clear texture, the disengaged way that its cast are involved in flickers and bursts of activity, bouncing or posing, by *turns isolated* and very involved. It is too long, but attractive to watch; its only drawback the tedious scratchings and crepitations of its John Cage score, which sounds dated.

Nothing else in the evening makes as much sense as Cunningham's neat, exquisitely balanced dances. There is a lumpen trio by Lar Lubovich, mysteriously called *Avalanche* and stuck on a Bach organ prelude like *a moustache on La* Gioconda, which makes its cast look fatuous, and a perfectly awful piece of urban *angst* by Mlle Lefèvre, *En Partant De*. Junk pop music blares out and the cast look fraught—and who *should blame them. However*, Mlle Lefèvre's solo for herself, *Pawa*, is an elegant study in rhythmic possession, inspired by a virtuoso on an Iranian drum, and as vivid as the orange dress she wears.

As comic relief the programme also contains Jacques Garnier's *Le Cordon Infernal*, a realisation of the battle of the sexes as depicted by the cartoonist Claire Bretécher. It is a manic romp, more than a little brutal in its effects, but done with highest spirits by the company, roped together like mountaineers as they grapple on the North Face of the marriage licence, grinning with hatred *and terror at life's merry japes*.

Bush

Golden Leaf Strut

by ROSALIND CARNE

Even the keenest jazz fans could be excused for nodding off in this peculiar homage to New Orleans clarinettist Leon Roppolo. Actor Michael Maynard plays a mean solo, but there is little enough of it. For the most part we are treated to rambling text and a barrage of wearisome stage business; a play within a play inside a chalk circle, role-switching, plenty of smoke, and some simulated sex. The visual embellishments are particularly *irksome in a play* which would make equal sense on radio, though unadulterated sound would soon reveal its weaknesses.

It must be conceded that there is something ingenious in writer Julian Garner's approach *to biography. A rich collector* is kidnapped by a couple from Louisiana, who demand a huge sum in return for their intimate recollections of the late musician. The final twist can be predicted in scene one, though this need not spoil the play. What does spoil it is the sense that Garner's ingenuity is simply a cheap trick to provoke interest in a fairly unexceptional personality. Roppolo breaks away from *his conservative Italian* background, turns to women and drugs. So, what's new? Even the drugs are soft—the gold leaf of the title.

Each of the three actors plays more than one part. Each is defeated by the exigencies of a *southern drawl — disastrous in* a drama which depends so fundamentally on a specific time and place. Former addicts of Trevor Griffiths's masterly television version of *Sons and Lovers* will remember Lynn Dearth's splendid Clara Dawes. She can certainly create a character, given the right materials. Sadly in *Golden Leaf Strut* she is only marginally more convincing than her pale *companions, Kenneth* Colley and Michael Maynard. All the performances feel fragmented, small scale. Grant Hicks's clever surreal design gives an apt sense of claustrophobia to the proceedings.

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Arrangements have been completed *for the issue by Oesterreichische* Kontrollbank Aktiengesellschaft on 30th April, 1981 of U.S.$10,000,000, aggregate principal amount of Guaranteed Notes Due 1985 of U.S.$5,000 each, as a Subsequent Tranche of its U.S.$150,000,000 Guaranteed Notes Due 1985. Notes of this Subsequent Tranche contain the same terms and conditions as, and rank in all respects pari passu with, the Notes of the *Initial Tranche of* U.S.$50,000,000 issued on 15th July, 1980. Particulars of the Notes are available in the Extel Statistical Service. This Subsequent Tranche has been admitted to the Official List by the Council of The Stock Exchange.
8th May, 1981.

TOKYU DEPARTMENT STORE CO., LTD.

NOTICE TO EDR HOLDERS

Further to notice of April 27, 1981, The Chase Manhattan Bank, N.A. announce that the final dividend of Yen 3.00 per share has been converted to U.S. Dollars and amounts to $13.81 gross per EDR. All presentations will be subject to deduction of Japanese withholding tax (if any) at the appropriate rates and representative payments will be $11.05 net after deduction of 20% Japanese withholding tax or $11.74 net after deduction of 15% Japanese withholding tax depending upon the residential status of the beneficial owner and the application of any Double Tax Treaty concluded with Japan. Affidavits will be required in *all cases where a withholding tax of* less than 20% is to be used:

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THE CHASE MANHATTAN BANK N.A.,
London, as Depositary.
May, 1981.

WATNEY MANN INTERNATIONAL FINANCE N.V.

7% EUA 12.000.000.- 1969/1984

Holders of the above-mentioned bonds are hereby informed that the 12th annual instalment of EUA 1.000.000.- due 13th June, 1981, has been effected by drawing by lot on April 8th, 1981, in the presence of a notary public.

The bond numbers so drawn are comprised between nr *4586 inclusive and nr.* 11445 inclusive, taking into consideration the bonds previously repurchased or redeemed.

The bonds shall be redeemable at par on or after 13th June, 1981, at the offices of the paying agents set forth in the prospectus and the conditions of the Bonds.

The amount remaining outstanding after 13th June, 1981, will be EUA 3.000.000.-

Bond numbers drawn by lot in 1979 *and 1980 not yet presented for payment:* 9213; 9217; 9268; 9791/9798; 9876; 9887/9892; 9915; 9936; 9968/9971; 10001/10002; 10043; 10146/10149; 10191; 10321; 10325; 10340; 10352; 10598/10600; 10611; 10747/10751; 10821/10825; 10847/10854; 10993/10994; 10997/10999; 11007/11009; 11029; 11089/11094; 11101/11102; 11202; 11224; 11261; 11266/11271; 11274/11275.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee
Luxembourg 4th May, 1981.

AB ELECTROLUX

TO THE SHAREHOLDERS OF AKTIEBOLAGET ELECTROLUX

The Annual General Meeting of the company will be held on May 21, 1981, at 10.00 a.m. at Skandinaviska Enskilda Banken, The Conference Room, Sergels Torg 2, Stockholm.

AGENDA

Matters prescribed by the Swedish Companies Act and by the Company's Articles of Association including among others presentation of the annual report and accounts and the auditors' report and the consolidated accounts and the auditors' report on the group, resolutions on adoption of the profit and loss statement and the balance sheet and on the consolidated profit and loss statement and the consolidated balance sheet. On appropriation of the Company's profits according to the adopted balance sheet, on the Directors' and the Managing Director's discharge from Liability and election of Directors, Deputy Directors, Auditors and Deputy Auditors.

In addition, the meeting will have to consider a proposal by a share*holder to amend the Articles of Association, to change the voting* rights of the shares, to restrict the Company's right to acquire shares in other public companies and to create a special committee to nominate Directors of the Company, etc.

ATTENDANCE AT THE MEETING

In order to be present at the meeting a shareholder must inform the Company of his intention to do so at the following address—AB Electrolux, Legal Dept., S-105 45 Stockholm, Sweden, or by *telephone 08/738 67 93 or 08/738 67 91 not later than 4.00 p.m.* on May 15, 1981. Furthermore, a shareholder who wishes to vote at the meeting must be registered in the shareholders' register kept by Vardepapperscentralen VPC AB (Securities Register Centre) not later than May 11, 1981.

A shareholder whose shares are registered in a nominee name such as that of a bank or securities department or a private stockbroker must ensure that his own name is entered in the shareholders' register in order to be entitled to vote at the general meeting.

DIVIDEND

Provided the meeting resolves in accordance with the proposal of the Board of Directors, the dividend of SKr 7.50 per share is expected to be distributed by Vardepapperscentralen VPC AB on June 2, 1981.

STOCKHOLM 6th MAY 1981. THE BOARD OF DIRECTORS.

Electrolux

PECHINEY UGINE KUHLMANN

SDR 50,000,000
Floating Rate Notes due 1988

In accordance with the provisions of the Notes, notice is hereby given that for the initial interest period from May 7, 1981 to November 9, 1981 the Notes will carry an interest rate of 16⅞% per annum.

Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

NOTICE TO BONDHOLDERS

City of Copenhagen 30,000,000 European Units of Account 7% 1978/1993 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal UA 2,250,000 have been purchased in satisfaction of the Purchase Fund during the twelve-month period from May 2, 1980 to May 1, 1981.

Amount outstanding: UA 27,750,000.

May 8, 1981.

THE FISCAL AGENT
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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Friday May 8 1981

The curse of terrorism

THE CURSE of terrorism has afflicted many European nations, not to mention those peoples whose fate always has been determined by violence rather than by an orderly political process. The fabric of Italy has been severely strained by small, ruthless groups of the extreme Right and Left; West Germany has suffered the murder of several public figures; Britain has been held to ransom by Irish extremists; in Turkey a spate of political killings has been ended, at least for the moment, by a severely repressive military régime.

Killings

In Spain, terrorism has been endemic since the 19th century when its inspiration was mainly anarchist. A case can be made for saying that the problem has become worse there than anywhere in Europe. Basque autonomists have carried out a campaign of killings. Right-wing groups have been active. A shadowy organisation called Grapo has re-entered the lists.

On May 4 a general and two members of the Guardia Civil gendarmerie were killed by Grapo in Madrid and Barcelona. Yesterday, under very similar circumstances, the head of the King's military household, Lt. Gen. Joaquim Maria Valenzuela y Alcibar-Jauregui, was seriously injured by a bomb. Three men were killed.

Grapo's ideology and motives are largely a matter of conjecture. But the consequences of its actions are only too clear. Groups of people congregated shouting slogans for a return to dictatorship. There is no reason to believe that they expressed the popular will. But their cries suited the purpose of those members of the armed forces who remain unreconciled to democracy in Spain.

Even before Grapo struck the future of Spain was uncomfortably balanced. The democratic constitutional monarchy had survived a bungled coup on February 23, largely because King Juan Carlos exerted his full influence against the plotters. In the aftermath it has become clear that among the officer corps there is a strong current in favour of a takeover, or something approaching it. The latest events can only encourage the hotheads.

The officer corps regards itself as the guardian of the unity of Spain, which it considers to be threatened both by the Basque autonomists and by the readiness of the politicians to concede a measure of devolution to the Spanish regions. The military also look upon themselves as the guarantors of law and order and the protectors of Spain against Communism.

This internal role, rather than any external threat, explains the size of the Spanish armed forces. The three services consist of 342,000 men, to which there must be added 104,000 men in paramilitary gendarmerie units. Which external enemy are they to fight? Yugoslavia, with an obvious potential attacker, though admittedly a smaller population, makes do with 264,000 men under arms.

The nature of the Spanish forces is further illustrated by their top heaviness. There are almost 1,500 officers of general or equivalent rank, including those retired on full pay. They form a powerful caste and are the representatives of what, for long, has been the real Spanish establishment.

Targets

It is to these men that the West must make very plain that only a democratic Spain is a welcome partner. Spain is knocking at the gate of the Common Market. In March the heads of government of the Ten, meeting at Maastricht, stated clearly that it was a democratic Spain that they wanted to see in their democratic community. Every responsible Spaniard must be aware that the prospect of Spanish membership in the EEC is a chief reason why there is foreign investment of $1bn a year in Spain. The loss of only a part of it would have dire consequences for the Spanish economy.

Spain, and not least its soldiers, also wish to join Nato. That gate, too, should not be opened to an undemocratic Spain. Nor should an undemocratic Spain be given the improved military and financial aid which it hopes for from Washington when the existing bilateral defence treaty comes up for renegotiation soon.

All that having been said, it must not be forgotten that the military men have become targets for indiscriminate and morally indefensible attack. The most important task is to persuade the men of good will among them that the worst outcome for Spain would be a descent down a spiral of terrorism, autocracy, more terrorism, and more autocracy. The determined defence of existing institutions, coupled with the remedy of justified grievances, is the best way to exorcise the curse of the terrorists.

Small help for small business

ONE OF the few economic issues on which there seems to be a genuine consensus in Britain stretching right across the political spectrum is the need to encourage small businesses. It has been widely recognised for several years now that one of the most distinctive features of Britain's industrial structure, which may in part account fo its poor economic performance, is the high degree of industrial concentration and the comparative weakness of the small business sector.

Half-hearted

This makes it all the more surprising that the steps which have been taken to promote the development and formation of small businesses, both by the present Government and by the previous one, have been so half-hearted and halting. After five years of Budgets containing "packages" specifically designed to help small businesses, there is little evidence, as yet, of the growth in enterprise and risk-taking which everybody agrees could make a significant contribution to economic recovery in the coming years.

The latest measures, announced in this year's Budget, appeared at first sight to extend significantly the range of incentives available. The Loan Guarantee Scheme, under which the Department of Industry will guarantee 80 per cent of term loans up to £75,000 made by banks to small businesses, is the first positive response to many years of lobbying by small business organisations; they have pointed to the existence of much more generous arrangements of this kind for small businesses in other coutries, particularly in Germany and the U.S. The Business Start-Up Scheme was supposed to assist with the even more difficult problem of raising initial finance for new ventures, by providing large tax incentives for individuals who are willing to make significant investments.

The Government is so keen on these measures that this week it launched a publicity campaign, likely to cost about £500,000, to alert entrepreneurs and investors to the range of incentives that are now available. Unfortunately the details of the proposals, which are emerging only gradually, are provoking consternation rather than enthusiasm among many small businessmen

The Business Start-up Scheme contained in the Finance Bill was only a shadow of the seemingly far-reaching reform announced by the Chancellor in his Budget Speech. The class of companies eligible for investment is narrow—practically all non-manufacturing businesses, as well as any businesses associated with other companies are excluded. The definition of "new businesses" is so restrictive that it could make it impossible for many entrepreneurs with existing business experience to benefit. The insistence that tax relief is available only to "outside" investors rules out the kind of support which is most likely in practice

These and other restrictions make it unlikely that the scheme will have a great impact on the rate of new business formations. Similarly, there are doubts about the likely effectiveness of the Loan Guarantee Scheme (details of which are still being finalised. The Government's intention is that loans guaranteed will total only 50m and the whole scheme will be administered by just three ment of enterprise seems still officials.

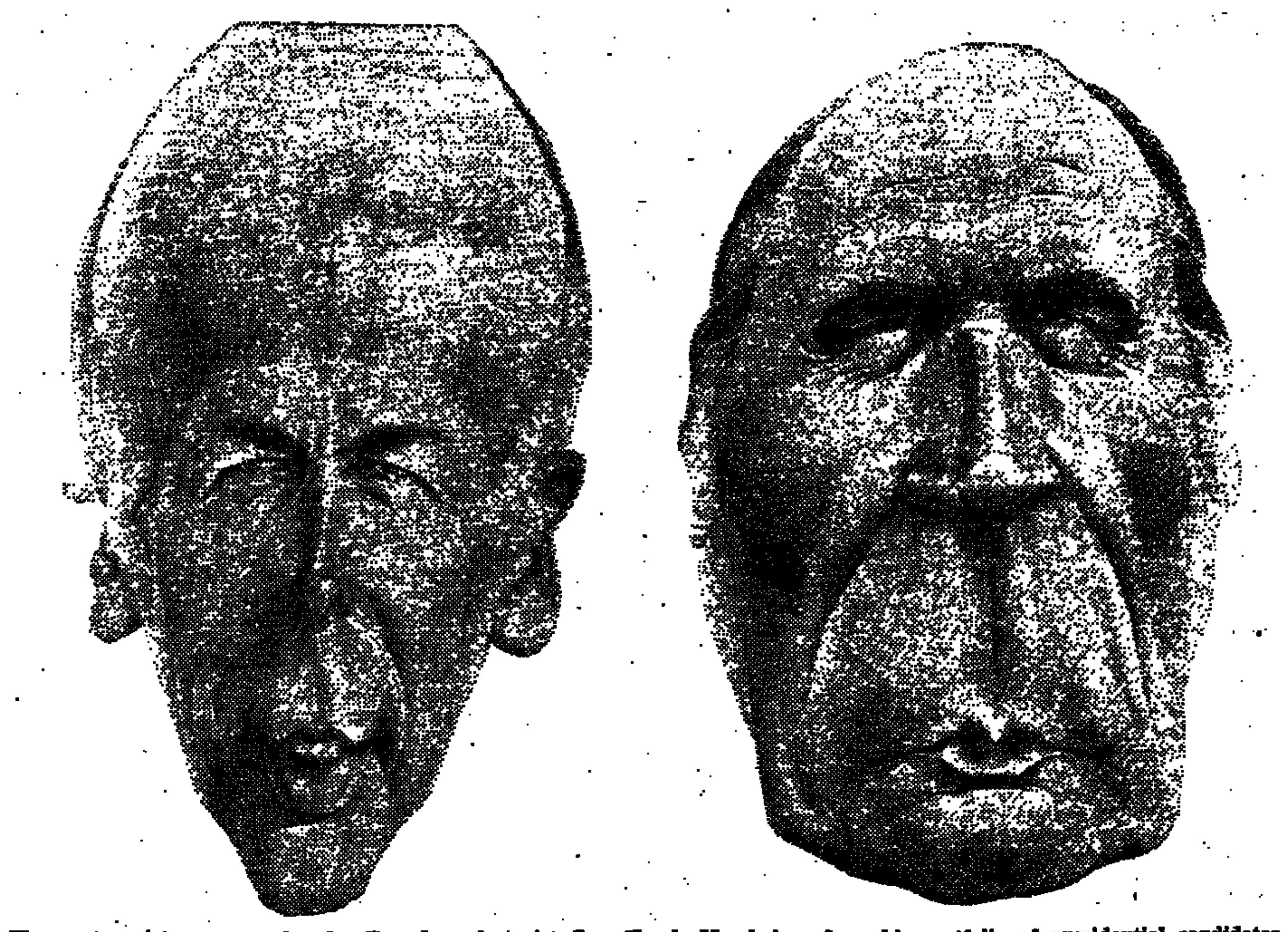
Lower priority

As in the past the encouragement of enterprises seems still to enjoy lower priority than the Inland Revenue's desire to combat tax avoidance and the Treasury's determination to contain public spending. The objectives of the Inland Revenue and Treasury are perfectly sound ones, but in the present harsh economic climate it is arguable that the balance needs to be tilted further in favour of small business, perhaps only temporarily. In the long run, a thorough reform of the whole tax system aimed at eliminating the tax advantages of housing and institutional investment, and the continuing disincentives against demerging of large companies would probably do more than any of the present proposals to give personal enterprise access to personal savings.

THE FRENCH ELECTION

Giscard plays his strongest card

By Robert Mauthner in Paris



The protagonists as seen by th eFrench caricaturist Jean-Claude Morchoisne from his portfolio of presidential candidates sardonically titled, Les Grands Predateurs published by Editions Atelier 786, Paris

THE replay of a cup final is often more exciting than the first encounter, and the French presidential election, due to be decided on Sunday, is no exception.

The second match between M. Valery Giscard d'Estaing, the outgoing President and champion of "the advanced liberal society" and his Socialist challenger, M. Francois Mitterrand, has already turned out to be one of the most fascinating cliff-hangers in recent French history. All the indications are that the result will be at least as close as it was after their first presidential clash in 1974.

On that occasion, M. Giscard d'Estaing squeezed home by the narrow margin of about 420,000 votes or 1.8 percentage points. But the conditions in which the election was held were very different from those of today. The French economy was booming and had not yet been affected by the first oil price shock, which occurred the previous autumn.

In addition, M. Giscard d'Estaing, though billed as a man of the Right, had unleashed a wind of change into the election with refreshing new ideas on social reform. His youth and enthusiasm was contagious in a country whose social structure was creaking under the burden of long years of centralised and heavy-handed Gaullist government.

Seven years later, M. Giscard d'Estaing projects a very different image. Like every Head of Government or State who has been in power for such a long time, his balance-sheet has made him vulnerable to the criticisms of his political opponents and the most cruel of all accountants, the electorate.

It is certainly true, as M. Giscard d'Estaing and his Prime Minister, M. Raymond Barre, have repeatedly claimed, that the world economic situation and, particularly, the oil crisis have struck a body blow at the French economy, still dangerously dependent on imported energy.

However, the stark tale told by the main economic indicators and the direct impact it has on the daily lives of the French people, tends to influence the voter rather more than international comparisons.

The outgoing President has spent much of his second-round election campaign telling the people that France has the biggest aircraft industry in Europe, is the world's third nuclear power, the leader of the European computer industry and will soon be preceded by only the U.S. and Japan in the West's league of top economic nations. Such pronouncements may flatter French national pride for a brief moment, but what the man-in-the-street sees in front of his nose is a record 1.7m unemployed, prices rising at an annual rate of about 13 per cent and stagnating, if not falling, living standards.

That, together with the understandable desire of any nation to see a change in its Government after nearly 25 years of Gaullist and Centre-Right rule, presents a serious handicap for the outgoing President.

The realisation that he would probably be defeated if the election were fought on his record alone and on the alternative policies put forward by M. Mitterrand has obliged M. Giscard d'Estaing to employ that most successful of all French weapons, the anti-red peril weapon.

This device, with its enormous fall-out, has been used with great effect in all elections since the creation of the Fifth Republic in 1958. It is almost entirely responsible for the fact that the much-talked-about principle of "alternance," which can best be translated as democratic change of government, has not functioned properly in France.

Home problems more important than international glory

The weapon is fairly simple to operate. All that has to be done is to present the basic issue in an election as a choice between a free and a collectivist society and to demonstrate that any left-wing government would be the prisoner of the Communists.

It was a point that was hammered home by M. Giscard d'Estaing in his TV debate with M. Mitterrand earlier this week, but perhaps less convincingly than before because of the Socialist candidate's refusal to be pinned down on the crucial problem of Communist participation in his government.

In contrast with previous elections, particularly the 1974 presidential contest in which he was the joint candidate of the Left, Farcois Mitterrand has won slightly more freedom of manoeuvre, following the poor showing of M. Georges Marchais, the Communist leader, in the first round.

M. Marchais' score of 15 per cent of the total votes cast was the worst Communist election result since the Popular Front of 1936 and was certainly responsible for the subsequent decision by the Party's Central Committee to switch its support to M. Mitterrand in the second round without setting any prior conditions.

This means that the Socialist candidate is able to go into the final ballot without having promised that he will appoint Communist Ministers to his government, an omission which could well win him valuable support from a number of Gaullist and Centrist voters. It also explains M. Mitterrand's post-first round "cat that got at the cream" expression and his relaxed campaign tactics over the past two weeks, during which he has not addressed any big public meetings.

After his big success in the first ballot, when he obtained nearly 26 per cent of the popular vote and lagged only 2.5 points behind M. Giscard d'Estaing, the Socialist candidate and his advisers clearly thought that discretion was the better part of valour.

Whether they were right is another matter. For the TV debate clearly underlined the difficulties that M. Mitterrand, if he wins, would face after the presidential election.

The Communists may not have set any prior conditions for supporting their old arch-enemy in the second round, but that does not mean they have dropped their demand that M. Mitterrand's government should include Communist Ministers.

M. Mitterrand is thus in the uncomfortable position of knowing that, even if he has not been forced to make any commitment to the Communists before Sunday's ballot, he could well become their prisoner subsequently. The Socialist candidate has devised a complicated constitutional scenario, which he hopes will clarify the situation after the presidential election.

A transitional government would be appointed by M. Mitterrand immediately after the election, composed of his own supporters. The assumption is that it would be dominated by Socialists and left-wing radicals. This government would take a number of important decisions such as the raising of the national minimum wage, pensions and family allowances, which it can do by decree. Within a few weeks, parliament would be dissolved and a general election would be held before July 1.

The composition of the new government following the parliamentary election would reflect the political colour of the National Assembly and the inclusion of Communists in the Government would depend on whether the Socialist and Communist parties were successful in negotiating a common programme, a point M. Mitterrand has made on several occasions. He has emphasised, however, that the disagreements between the Socialists and Communists which led to the break-up of the Union of the Left in the autumn of 1977, have not been resolved.

The Socialist candidate's vagueness, his identification with M. Jacques Chirac, the Gaullist leader, on certain issues and the fact that some Gaullist members of parliament are planning to vote for M. Mitterrand, has led to some speculation that the latter is planning a deal with the Gaullists. Though such a development cannot be ruled out entirely, in the longer run, it is certainly not M. Mitterrand's favourite option.

Whoever wins will be handcuffed to his allies

Apart from the odium that would be heaped immediately on M. Mitterrand and the Socialist Party by an electorate which has voted for a left-wing President and government, such an alliance would clearly prove unworkable in practice.

The Gaullist RPR Party, wedded as it is to a free enterprise society, can hardly be expected to vote in parliament for M. Mitterrand's nationalisation programme, embracing the entire banking sector and 11 of the country's biggest companies.

What is more, M. Chirac has gone out of his way to dissociate himself from M. Mitterrand and his programme, as the result of what may prove to have been one of the Socialist candidate's biggest mistakes over the past two weeks. In his TV debate with M. Giscard d'Estaing last Wednesday, M. Mitterrand made so many references to criticisms of the outgoing President by M. Chirac that the Gaullist leader felt himself obliged to put the record straight.

Whereas, in an earlier statement made just after the first round results were proclaimed, M. Chirac merely said that he would vote personally for Giscard d'Estaing in the final ballot, while leaving his supporters to decide for themselves what they should do, the Gaullist leader's latest declaration contains much stronger advice. It specifically castigates M. Mitterrand's economic principles, "which have failed everywhere they have been applied," and underlines the risks of a Socialist alliance with the Communists.

To win even this mitigated endorsement from M. Chirac, M. Giscard d'Estaing has gone fishing shamelessly for Gaullist votes over the past two weeks.

Emphasising that even after the hardest matches, opposing teams shake hands and exchange their jerseys, M. Giscard d'Estaing has praised M. Chirac and some of his policy proposals at meeting after meeting.

Such are the customs of the two-round French voting system. Everyone hoes his own row in the first round, only for the two main political families of the Left and Right to kiss and make up among themselves in time for the final struggle. The reconciliation ceremonies, it is true, have been much cooler this time than in the past, but they have taken place nevertheless.

The conventional wisdom is that more Communists will vote for M. Mitterrand than Gaullists for M. Giscard d'Estaing. But nobody knows exactly how the 4 per cent first round ecologist electorate will split up or whether M. Mitterrand has succeeded in clinching victory by promising hundreds of thousands of motorcyclists that he will abolish the unpopular road tax which M. Giscard d'Estaing imposed.

Both M. Giscard d'Estaing and M. Mitterrand will need every vote they can get. The last published public opinion poll, which forecast the Socialist candidate's victory by 51.5 per cent against M. Giscard d'Estaing's 48.5 per cent, is already a week old and a great deal has happened since then. The general assumption is that the two candidates will go into the final ballot with their chances roughly equal.

Against the traditional conservatism of the French electorate when it comes to fundamental choices, must be set the desire of a growing number of people for a real change of government.

The two factors are finely balanced. The only forecast that can be made with any certainty is that, whoever wins the election, will be handcuffed firmly to his reluctant second round allies.

MEN AND MATTERS

Adventurous

Peter Brooke comes to Britain in the same venturous spirit in which his father ran away from a Hampshire home to seek his fortune in the U.S. But the generation gap has wrought some changes.

Brooke senior followed the classic U.S. immigrant success story, working his way through medical school to become a surgeon. His son returns to Britain as a manager of Advent Technology, the latest, and at £10m the biggest, venture capital fund formed here.

At the age of 51, Brooke has become a prominent figure in the U.S. East Coast's venture capital industry. His T. A. Associates manages funds of more than $200m. And he has a good eye for winners.

Brooke, a cousin of the former Ulster Unionist politician Lord Brookeborough, backed Dr. Wang in the early days of Wang Laboratories. Four years ago his funds took a 30 per cent stake for $750,000 in Tandon Magnetics which went public last year valued at more than $100m. Brooke is also into Biogen, one of high-flying and fashionable genetic engineering companies.

His two British partners in Advent, which is backed mainly by Scottish institutions, come from a similar entrepreneurial mould. Michael Moran, who says he has become involved "to satisfy my ego and my pocket," was a co-founder of Microwave and Electronic Systems which he sold to Racal in 1979 for £5m. David Cooksey is chairman of Intercobra, a precions plastics group born out of a loss-making business he bought from De La Rue in 1971.

Brooke is convinced the time is now right for a technological restructuring of British industry

Accounted out

The story of how auditors Arthur Young McClelland Moores qualified the accounts of Grattan Warehouses last year, only to upset their other Bradford mail order client Empire Stores, now has a sad sequel in the decision of Empire to propose the replacement of Arthur Young by Thornton Baker.

A fiendishly complicated row over accounting for VAT lies behind the rift, and though the details are complex, what it boils down to is that Arthur Young found themselves with one client—Grattan—switching over abruptly a year ago to the accounting method long used by Empire.

Grattan's view was no longer a true and fair one in this respect, decided Arthur Young, and they were backed up by a panel of the Accounting Standards Committee. But this left Empire out on a limb, still protesing that its past treatment has been correct but resigned in today's annual report to the conclusion that it has "no alternative but to accept the view of the ASC."

This change in accounting policy left Empire's pre-tax profits for the year to last January £441,000 lower than they would otherwise have been, in what was anyway a difficult year, and chairman John Gratwick explained yesterday that the close relationship with the auditors had been affected. Arthur Young were told they would have to fight to hold the audit against the challenge of two other firms—and Thornton Baker emerged as the winners.

These reasons for the change of auditors are not directly spelled out in the annual report, which reveals only that Arthur Young are bowing out with dignity. "The present auditors have confirmed that there are no matters that they consider should be brought to the attention of shareholders."

Dressed to kill

The great American tradition of the barmy entrepreneur is ably maintained by Wilton 'Tony' Husch, the proud pioneer of "Three Mile Island Creamy Mushroom Dressing. It melts down on your salad with a flavour explosion . . ."

Not that that sort of advertising copy is likely to help him top any popularity polls in Harrisburg, the Pennsylvania town which teetered on the brink of nuclear disaster two years ago. But at least Husch can plead a good cause. Profits from the salad dressing will go to an independent school which he helped build in St Louis, Kentucky.

Crossroads School, where Husch chairs the financial development committee, is running at a $150,000 loss. "There's a billion-dollar salad dressing market out there," he says, "and if we can just get a tiny piece of it, we can save our school."

Husch springs, inevitably, from California, where he ran an aerial photography business in Berkeley, and subsequently a vineyard in nearby Mendocino. His latest brainchild was born, he explains, in a restaurant where he was offered Thousand Island Dressing.

Husch is well-versed in portentious blarney to promote the venture. "Humor is a much-needed solvent of terror and tension in our lives. The high-recognition name Three Mile Island is an attention-getter. If people want to give some thought to what's behind the name, the events and the implications, that's fine . . . It's no more controversial than Russian dressing. I'm trying to raise money for the school and liven up people's salads."

Safe keeping

The slogan "everything you want from a store—and a little bit more" will no doubt take on an extra resonance for customers of the Safeway supermarkets, where police and staff combat an extortionist whose ghastly brainwave is to adulterate with poison items of food on the supermarket shelves.

The racket is not new—it was used against Safeway's American parent's stores last year. Its emergence in Britain may, however, spark interest among vulnerable British companies in a type of insurance policy designed to guard against—or more precisely compensate for—just such a threat.

Stewart Wrightson's "product extortion" policy has been available for some seven months and has attracted a number of American buyers. It provides for recalling and destroying the threatened stock, and for money extorted by the racketeer. A useful precaution for companies to keep up their sleeves and, I suspect, under their hats.

Half-pay

Overheard at a Woolwich bus stop: "How much does your old man earn these days, Doris?"—"Same as always, love—about half of what he's paid."

Observer

FINANCIAL TIMES SURVEY

Friday, May 8, 1981

Merseyside

Unemployment has jumped by a third in the past year—to 16 per cent—but concerted efforts have started many new ventures and Merseyside's resilience and unique spirit live on.

The faint noises of recovery

By Anthony Moreton

Regional Affairs Editor

THERE ARE SIGNS—faint ones but signs none the less—that economic conditions may be starting to pick up on Merseyside. In this the local scene is mirroring the more encouraging, if faint, noises which are beginning to be heard about the economy nationally.

These signs, which are treated with some scepticism by many industrialists, are nevertheless apparent within the banking sector. There, it is plain that *more inquiries are being made* about bank advances and in some cases the inquiries have been turned into firm applications for finance towards the cost of projects.

Business confidence at this time is like the appearance of the first flowers in spring. An unusually severe or late frost can kill them off quickly.

So industry is waiting to see if there are any late frosts around before taking the plunge and putting in new capital or taking on more workers. But one encouraging sign is that Consolidated Bathurst is considering reopening part of Bowater newsprint mill at Ellesmere Port.

Certainly, Merseyside needs every encouraging sign that is available. Over the past year unemployment has jumped by about a third to 15.9 per cent within the special development area (essentially, the county with the exception of St. Helens and Southport). And this figure is bound to rise as the Bowater shut-down (outside the area but an influence on it) and Vauxhall cutbacks at Ellesmere Port, and Tate and Lyle's 1,570 laid off in the city, work their way through into the official statistics.

The figure, as is usual in other areas, understates the effect of unemployment; about one person in every five of the county's workforce is now out of work. And with 26,000 school-leavers coming on to the work register this summer, of whom only just over half can be reasonably assured of a job given previous experience, the position is not going to improve much in the near future.

However, Merseyside is not without great resilience. There may have been serious redundancies among some of the larger companies in the area but there is surprising strength, and inclination to grow, among the smaller ones.

When the county set up Chase—County Help for Active Small Enterprises—late in 1978 to give assistance to small companies it little realised how successful this scheme would be.

The assistance was aimed initially at companies with not more than 200 employees. It was so successful that to stretch the finance the size of company aided had to be reduced to 100 employees and eventually to 50. By last month Chase had advanced £2.2m to projects which had led to the creation of just over 4,000 jobs.

Employment creation, though, is not the prime objective of Chase's activities. Its philosophy is that grants should be geared to capital investment so that the company will be viable in the long term; and to be a recipient the company must have a market for its products which is at least partly outside the county's boundaries.

This preoccupation with the future also concerns Mercedo—the Merseyside County Economic Development Office—which is the main instrument for redeveloping the economic life of the county. Set up by the county council in August, 1978, its job is to "sell" Merseyside's attractions.

Concentrated

Mercedo's problem is that so many of the Government-backed schemes concentrate on manufacturing industry and Liverpool, in particular, has always been a service centre rather than a production base.

There are large companies within the area such as BL, Unilever, IMI, J. Bibby, BICC, Ford, Champion Sparking Plug and Metal Box, but not only is Liverpool's strength in services but this is the part of the economy that is most likely to grow. Yet it is here that the Government gives least help.

This service strength grew out of Liverpool's great docks. The city and its hinterland grew with the port and its allied trades: if Liverpudlians were not dockers they might be seamen or work in chandlers, insurance, transport or brokers' offices.

Manufacturing industry in Merseyside actualy accounts for just 31 per cent of the employed population and is expected to drop to between 26.4 and 28.8 per cent by 1986. In the same period service industries should rise from their present 64.1 per cent to between 65.9 and 68.4 per cent.

This change will mask other, more subtle, influences. There is little doubt that Merseyside, like the rest of Britain, will have come to terms with a smaller workforce. Compared with just under 600,000 in jobs now it has been forecast that, on the most favourable projection, the area will be able to sustain only 575,000 jobs by 1986 and the figure could even be as low as just under 500,000.

This is because not only are there still redundancies likely to come from companies within the area—heavy ones have been announced in the recent past by Dunlop, Tate and Lyle, Courtaulds, BL, Bowater, Massey Ferguson and the docks—but the eventual level of employment will depend to a large extent on the county's ability to secure more service industries.

In this aim Liverpool has to compete with Manchester as an office centre. And Manchester has greater pull because it is the accepted regional centre of Government.

Parallel to this, those industries which were encouraged to move to Liverpool and the surrounding areas, especially under national regional policy in the early 1960s, have almost without exception ceased to expand employment and where they are growing it is via the path of new capital-intensive projects.

However, this halt to internal growth will not change one other salient feature of the Merseyside economy which often escapes notice. While the area predominantly caters for service employment those who work in manufacturing companies do so in above-average size units.

It is estimated that 28 per cent of Merseyside workers are employed in factories which employ at least 1,000 people. Nationally, the figure for such employment is just 18 per cent.

It is this concentration of the industrial workforce in very large plants which contributes to Liverpool's difficulties with its image to the outside world: Liverpool is frequently accused of having an unruly, strike-prone workforce. To those working in the city this is so at variance with the facts as to be laughable, but the image sticks.

It has arisen because there has been trouble in a small number of production-line factories, especially the car plants. A workforce that was brought up to accept the casual nature of so much dockside employment was reluctant to adapt to

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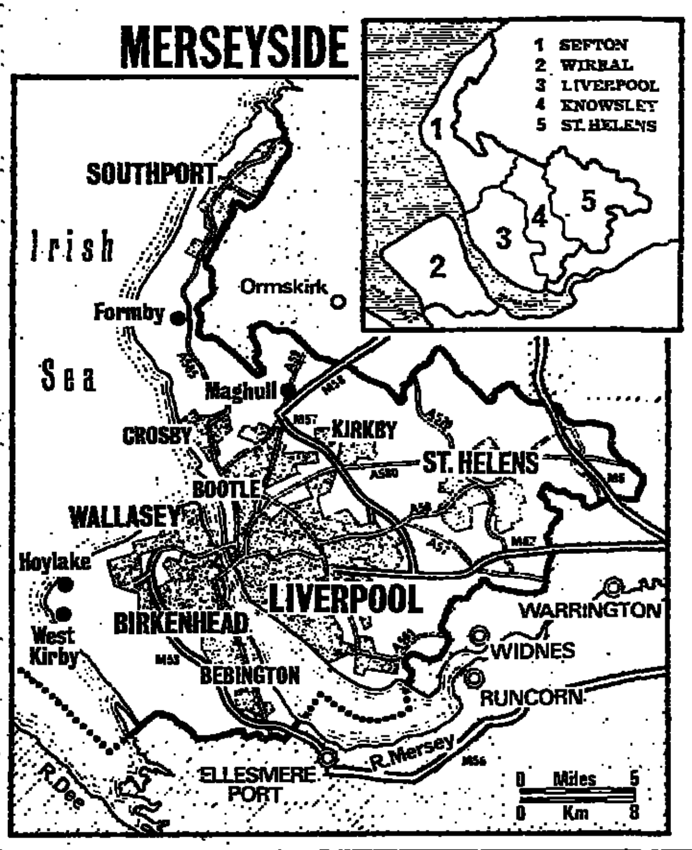


Hugh Routledge

Liverpool's famous landmark, the Royal Liver Building, from the Mersey. Most of the area's employment is in the service industries, not manufacturing, and the city is a big regional shopping centre.

Strategy drawn up to rejuvenate docklands

DEVELOPMENT CORPORATION

ANTHONY MORETON

FROM HIS OFFICE on the third floor of Graeme House, an office that he occupies temporarily, courtesy of the Government, until more permanent accommodation is available in the Royal Liver Building, Basil Bean sees the silted-up Canning Dock, the listed buildings of the Albert Dock and further up-river, the sheds around Duke's Dock. The view encapsulates his task as chief executive of the Merseyside Development Corporation.

What should the corporation do about the docks which have silted up, in some places to a depth of 30 ft? What is the role of the listed buildings and will development go ahead if the Environment Minister decides, after a planning inquiry, that the listing should remain? What role is there for the other dockside buildings and the docks themselves?

The corporation may have been in existence, legally, for just over five weeks but already a strategy has been drawn up and the corporation is building up its own momentum. This is because Mr. Leslie Young, the chairman and head of J. Bibby and Son, and Sir Kenneth Thompson, former leader of the Merseyside County Council and a one-time Conservative Junior Minister at Westminster, had been given power to get the corporation under way even before it had legal standing.

Basil Bean, who came from Northampton New Town, where he was chief executive, has therefore had a small team of eight people working with him for the past 12 months. But though he came from a New Town he is at pains to point out that the development corporation will not be the same sort of animal as at Northampton.

"We shall be a much smaller, slimmer organisation. We have been operating in a shadow capacity for months and so have had time to think things out and we shall not have more than about 50 on our staff altogether.

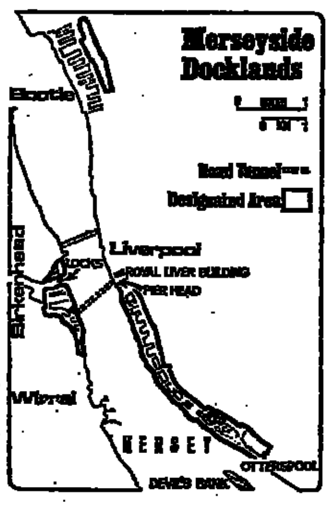
"The greater part of the action will be done by the private developer. We do not want to be a quango with great departments of architects, engineers or surveyors. We shall farm all that sort of work out and I have already been having talks with many organisations, such as Merseyside County Council and Liverpool City Council to see how they can help us."

In this, Mr. Bean is repeating the sort of system he ran at Northampton where, for example, although the New Town built houses, their management was handed over to the town council.

When the Merseyside Corporation was set up by Mr. Michael Heseltine, Secretary for the Environment, it was given the remit of rejuvenating the derelict and disused docklands. The Minister also set up a similar body to redevelop London's docklands but the history of the two has been quite different even though, eventually, comparisons are bound to be drawn between them.

Impeded

The London body, under the chairmanship of Mr. Nigel Broackes, also chairman of Trafalgar House, has not yet got off the ground legally because its passage through Parliament has been impeded by a discussion on the possibility that the Bill setting it up is hybrid, a technicality which could arise when legislation might affect more than one local authority. To that extent, Merseyside has stolen a march on London.



Merseyside is aware, though, that it suffers from some disadvantages compared with London. Institutional capital will be a lot easier to attract to London, if only because the City geographically runs up against the London development corporation's boundary. London also has a nationally-known focal point, in St. Katharine's Docks, with the advantage of several years' work undertaken by a Docklands Joint Committe on much the same area and the arrival of a number of big companies with investment plans, such as News International's printing plant for the Sun and News of the World and the Daily Telegraph's plant for its daily and Sunday papers.

This theoretical head start does not deter Mr. Bean. He points to the fact that Liverpool is a name known throughout the world, especially in the U.S.; that it has already attracted investment inquiries; and that it is in closer touch with an excellent motorway network, much better than London's docklands have on their doorstep.

The designated area of docklands covers 865 acres, on both sides of the Mersey, on three separate areas. The major portion runs south from Pier Head to Otterspool, a distance of about three to four miles, and encompasses all the city's south docks which were closed by the Mersey Docks and Harbour Company in 1972. Many of these docks are at right angles to the river.

Towards the southern end there is a large, disused oil tank installation with nearly 80 tanks on it which will need pulling down. When this is done, costly as it may be, a prime site for housing will be available.

The other two sites are both smaller. One is in Bootle at the northern end of Liverpool docks and lies behind the Alexandra, Hornby and Gladstone docks; much of this land is owned by British Rail.

The last site is across the Mersey in Birkenhead and includes land either side of the entrance to the docks. At the point where the ferry lands there are some excellent sites suitable for housing and the rest will be devoted to port-related activity.

The corporation's main aim, though, is to rejuvenate the docks in such a way as to attract industry and provide jobs.

Hugh Routledge

Mr. Basil Bean, the development corporation's chief executive: aiming to attract industry and provide jobs

The strategy on which all this depends hinges on attracting private-sector capital. The corporation has a budget of between £16m and £17m this year, which clearly will not go very far on its own. Following the flooding of the south docks nine years ago they have become reservoirs of silt and sludge, some of it toxic. The dock gates need repairing and in some places replacing. Parts of the sea wall are crumbling. To remove the silt and sludge would cost £25m to £30m alone.

Principle

In addition, the land has to be purchased and although it may be some years before a market valuation is agreed, at some point this will have to be paid. Mr. Bean is firmly committed to the principle that the corporation needs to be the freeholder. Without that, he believes, the corporation could be at a serious disadvantage in negotiating with some developers.

Since the silt cannot all be shifted the corporation's plan is to restore water to the docks in order to improve the environment, attract the boat owner and provide a better working area for the larger investments. At the Canning Dock, where the county council has opened a maritime museum, it is possible that the dock might be dredged to give about 18 ft of water, sufficient to allow in ocean-going schooners and the naval vessels which pay courtesy visits to the city.

For the rest of the dock complex, as far as the Brunswick Dock, the corporation would like a water system introduced with about 6 ft of water capable of supporting not so much a marina—because the Mersey runs fast and is a difficult sailing river—as a secure haven, a place for people to mess about in boats.

This could be achieved by trapping the tide and having a through water channel along the land side of the docks.

The industrial and commercial use would be integrated into this system. There already has been an application for a trade centre at the Albert Dock and around the King's Docks there could be a commercially-led recreation centre—shops and indoor sports centre. The Queen's could take private housing, possibly 250 houses and flats, and Coburg would be given over for industrial development.

It is here that there is already some industrial development, what Mr. Bean describes as his "mini enterprise zone"—about 200 small companies, few if any of them employing more than 10 people and all of them on very short leases, some as short as 24 hours.

What these companies need is security of tenure, improved buildings, some sort of administrative and financial support and some business or financial know-how. Help on how to seek money from their bank manager, for instance, or where to get money at the best rate.

These small businesses will be encouraged and helped because it is clear that the large footloose multi-national which was attracted to the new towns is not going to be a potential entrant to Liverpool's dockside despite the financial inducements which go to manufacturing industry locating in special development areas.

Confidence

"Our job," Mr. Bean says, "is to prime the pump and do the essential work to make available an attractive development package. So we have to produce a climate of confidence, one in which the private investor will want to put his money because the money the Government gives us is not going to cover all the outgoings by any means.

"The flexible framework that we have produced in our initial development strategy has been drawn up to allow us to respond to the needs of the institutions. When the right development proposal comes along we must be able to respond to it so that it wants to find a home here."

What is clear is that although the Government has stumbled in getting its legislation through Parliament, more so in the case of London than Merseyside, that has not prevented the latter corporation from creating its own momentum. By June it should be not only a legal but also a planning and land-owning corporation.

Then the momentum will really start to gather pace and the first signs of it should start to become apparent to the people of Merseyside and any outsider who wants to go and look at the place.

Looking for areas of growth

SERVICE INDUSTRY

RHYS DAVID

ALONGSIDE THE familiar buildings that line Liverpool's waterfront—the Cunard and Royal Liver buildings, and Mersey Docks and Harbour—a number of new landmarks have risen over recent years which are now almost as much an integral part of the city's skyline.

The Atlantic Towers Hotel, with its distinctive ringed appearance, is one of these, as too is the neighbouring block, shared by the Liverpool Daily Post and Merseyside County Council. Between the two buildings, on a site where its operations started more than 100 years ago, Royal Insurance has built New Hall Place, its new UK headquarters.

The Royal, one of the big UK insurance groups and possibly the biggest international composite insurer, took its decision to rebuild in Liverpool 10 years ago, with history and cost helping to win the argument against further concentration in London. Or a move—such as some of the other UK insurance groups have undertaken—to a country town in green surroundings.

Liverpool, after all, had been the base from which the company's founding fathers journeyed on the strength of the cotton trade to write insurance business in the U.S., spreading out later to South America, Australia and other distant markets. Today Royal Insurance operates in roughly 80 countries, with the U.S.—partly as a result of these early efforts—its biggest market, accounting for 33 per cent of business as against 31 per cent in the UK.

Though overall control of the largely devolved overseas subsidiaries rests in London, other operations were transferred back from London to Liverpool when New Hall Place opened seven years ago, and the company's international life business is also centred there. At the same time the company was able to bring together on one site many of its Liverpool operations, previously scattered in locations throughout the city.

With about 2,000 employees on Merseyside, the Royal is now one of the biggest private sector service employers in the region, and if a number of measures recently set in train are successful it seems certain to consolidate this position. In one, the biggest rights issue ever made in the financial sector, the company called late last year for £116m in new funds which will be used in a series of exercises aimed at increasing the Royal's share of its markets.

In the UK the company sees scope for strengthening its position in motor and household insurance and is devising various packages to attract new classes of business—the first its Carshield 50 deal which offers reduced premiums for motorists aged between 50 and 75. This move closer to the consumer is being made partly because of the strong competition now being experienced in commercial insurance, where overcapacity has been made worse by the effects of the recession.

Personal business is much easier to turn on and off, depending on the state of the market, and the product itself can be much more easily adjusted, according to the Royal, which is backing its effort to grow in this sector with an extensive television advertising campaign.

High quality

Over a longer timescale the company also has been seeking to build up its life business, a sector in which it traditionally has been under-represented, but capable of offering, from the stockholders' point of view, high-quality earnings. A separate division based at Liverpool handles this business internationally, with its own sales force, computer and other facilities. Eventually, with growth, this business is likely to be transformed into a separate company.

The Royal reckons that in the past 10 years it has moved up to eighth or ninth in the life league in the UK, and is now ahead of many of the smaller Scottish life offices. Part of the strategy used to build this business—currently one of the main candidates for further major expansion by the group in the UK and overseas—has been the development of links with brokers. The company's life salesmen can earn higher bonuses selling to a broker than to other agents such as solicitors or accountants.

In the U.S., the Royal's intention is to increase its geographical coverage, currently heavily biased towards the North-East, and this will probably involve acquisition. Insurance activity in the U.S. is concentrated on the East and West Coasts, and better results are now being obtained by insurers in the South and Mid-west where the population has been rising fast.

Royal has been trying to reduce the proportion of its business generated in the North East not by writing less insurance but by seeking to expand faster elsewhere, and has again been relying on the development of packages which will appeal to specific sectors. It was one of the first companies to offer a small business package covering a wide range of risks and reckons now to be the seventh or eighth biggest company in this class of business in the U.S.

The company will also be seeking to grow in other parts of the world, though prospects in the nearest market—the EEC—remain relatively limited. The group's main EEC business is in the Netherlands where the pattern of the insurance market resembles that of the UK. In France 60 per cent of the market is in state hands, and in Germany insurance is heavily regulated and difficult for non-domestic groups to penetrate in spite of EEC attempts to remove the barriers.

The Royal's approach, therefore, has been to try to develop links with insurance groups on the Continent. It has a 20 per cent stake in the German group Aachener and Munchener, which in turn has 10 per cent of Royal's reinsurance subsidiary.

Prospects for the Royal's Liverpool operations depend very largely though on the group's performance in the UK market, and here various other moves have been made in recent years to ensure continuing competitiveness. The company's branch network—66 strong in all—is linked to headquarters by computer, and staff in branches are able to call up details of claims on visual display units, speeding the service to the customer with a reduced risk of error.

The next move to exploit the possibilities opened up by computers will be the recording of all policies. This will also make it possible for branches to issue policies on the spot to customers.

Ombudsman

The Royal, together with Guardian Royal Exchange, and General Accident, was responsible too for the setting up this March of an insurance industry ombudsman who will deal with complaints relating to personal insurance. The companies in the scheme have agreed to accept his findings up to a maximum monetary award of £100,000.

The company has also been responding to the political and other pressures placed on UK institutions over recent years to commit more of their resources to schemes that will help industry. The company together with the John Finlan property group is developing a £20m industrial park at Middleton, Greater Manchester. The Royal is also investing £15m in another site, the Worsley Royal Trading Estate in Manchester, and is to fund redevelopment of the former Firestone tyre factory in Brentford, West London, cleared last year by Trafalgar House.

In Liverpool where there is a variety of public bodies engaged in supplying the industrial property market, the Royal has yet to move substantially into this type of development, though it could do so if the opportunity arises. The company does have on its books a large quantity of land where its Liverpool operations were formerly carried out.

In moving to redevelop this or in funding other developments on Merseyside the Royal, like most insurance companies, is unlikely to act other than with considerable caution—the virtue which has stood it in good stead over the past 100 years and made it one of Liverpool's most prosperous businesses.

Faint noises of recovery

CONTINUED FROM PREVIOUS PAGE

the production-line demands or disciplines of large-factory production.

Most of Liverpool and its surrounding areas works as well as anywhere else in Britain, a fact which is often overlooked and usually impossible to prove. But even companies with good labour relations, have suffered from the image problem as much as the bad.

If anything were to disprove the image it would be the determination of many of the companies actually on Merseyside to reinvest in the area. And there are plenty of examples.

Ford is the largest, with a £360m scheme for its Halewood plant. IMI is spending £10m and Kodak £13m at Kirkby (the American concern's largest plant outside the U.S.), Unilever is spending £21m, BICC £8m, Goodlass Wall, the paint concern, £7.5m at Speke, and BXL £11m.

On the Wirral, Pilkington, British Telecommunications and Cammell Laird have all invested heavily, and the Lithium Corporation of North Carolina has also set up a plant there.

It is on the Wirral, too, that Unilever has an imaginative scheme for releasing land. The food company, whose links with Port Sunlight and the surrounding area go back more than a century, is now putting its surplus land on the market, but instead of merely selling it the concern has decided to offer a complete development package.

On the Bromborough Port industrial estate it has 150 acres available in plots up to 48 acres, some with river frontage, which are not only fully serviced but for which, unusually, power is also offered. UML, the Unilever services company which runs this side of the business, has its own power station as well as it own dock with quayside installations.

Liverpool, too, has sites for incomers. Its land register shows one site of 80 acres owned by the Governent on part of the Fazakerly Hospital site; another, also in Fazakerly, of 33 acres owned by BR; and a further 16 acres of BR land at the Canada dock. In addition, BR has 29 acres at the former Edge Hill goods depot and both it and the city corporation have a large number of other, smaller sites.

There is also the enterprise zone at Speke. This site is small as enterprise zones go, comprising no more than 335 acres, but the impetus of such a zone free of most planning rules and given a 10-year rates holiday could have on attracting new industry is considerable.

So, too, is the work being undertaken to stimulate other parts of the economy. Mercedo, for instance, has linked with the city's university and the polytechnic to set up the Merseyside Innovation Centre to act as an interface between industry and the academic world.

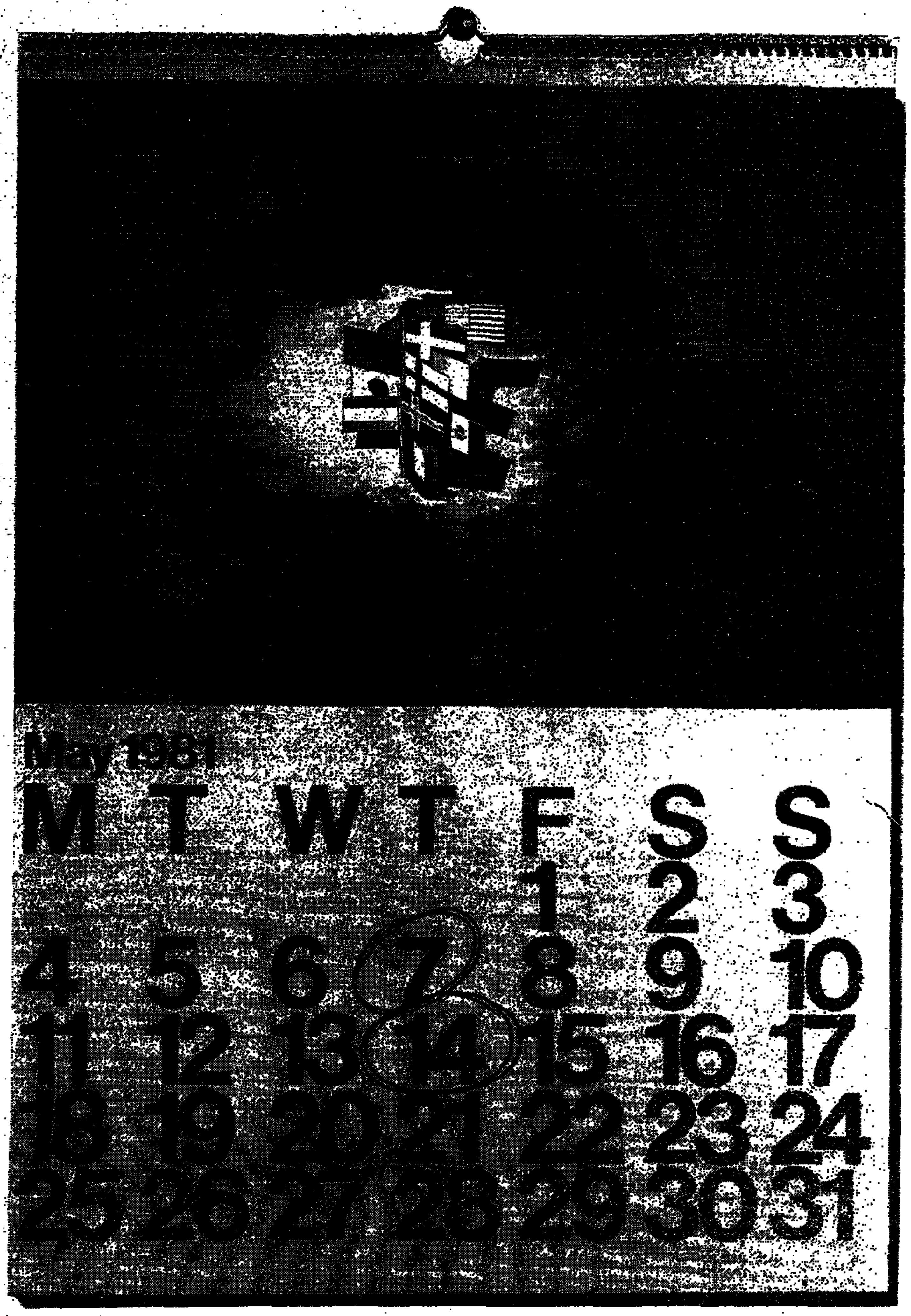
Another step has been the formation of Merseyside Economic Development by the county, with a capital of £3.1m to act as a job-creating agency in conjunction with the Manpower Services Agency. By setting up a public company with its own shareholders the council is able to circumvent section 137 of the County Councils Act and so operate outside the limitations which normally fairly strictly encompass a local authority's financial dealings.

The aim of MED is to help small businesses in high-risk industries and to do this it needs to attract private capital. The council has had talks with a number of companies in the area and believes that the response to these approaches has been "encouraging."

The need for such an initiative is essential. Merseyside needs the confidence that comes from new companies moving into an area. If the rest of the British economy has had influenza these past 18 months then Merseyside has had pneumonia—perhaps even double pneumonia.

There are signs that the long period of recovery is about to start. The upturn will be welcomed by everyone. But it is perhaps not yet widely appreciated that even at full stretch Liverpool would not be able to provide as many jobs as it has in the past.

This poses new problems, especially as most of the jobless will be concentrated among the unskilled or lesser skilled. And these potential problems will be no easier to solve than the existing ones.



May 7th.
The official opening of Heraeus Silica and Metals Ltd.

Yesterday Dr. Jürgen Heraeus, Deputy Chairman of W. C. Heraeus GmbH, a West German company with over 30 subsidiaries world wide, officially opened the company's latest factory at Bromborough on Merseyside.

According to Mr. Bill Hogan, Northern General Manager for Heraeus, "The decision to establish our new plant on Merseyside was taken because of the many advantages it has over other areas. These included the availability of high calibre labour with suitable basic skills, superb motorway connections and plenty of expansion space on the site – fully serviced by UML, one of the Unilever companies".

The new factory will produce specialised silica glass equipment for the microchip and other high technology applications.

May 14th.
The official opening of the new five acre Lithium Corporation facility

On May 14th, Mr. Robert H. Allan, Chairman and Chief Executive Officer of the American Gulf Resources and Chemicals Corporation, Lithium's parent company, will be officially opening Lithium's first facility outside the USA. After extensive studies of a number of locations throughout Europe, the Merseyside site was chosen, according to Mr. H. J. Andrews, President of the company, because of transport flexibility, market potential, government grants, site infrastructure, operating costs and scope for expansion.

May will be an average kind of month on Merseyside

In the past few years Merseyside has quietly been attracting a great deal of investment from UK and international corporations.

Last year for example, over £600 million was invested by major companies. Companies like Ford whose reinvestment programme will make their Merseyside facility one of the most modern in Europe.

Companies like Unilever who have continued their massive investment in the area. Already the world's largest concentration of Unilever activities – 18 group associates – is on Merseyside.

Companies like Pilkington and BICC who have firmly established Merseyside as a focal point for their international activities.

Quietly, month by month, Merseyside is building and diversifying its industrial base through dramatic local growth and by attracting a new breed of advanced technology companies.

If you are interested in finding out about the many opportunities for dynamic industries on Merseyside, ask your secretary to return the coupon and we'll send you up-to-the-minute details – or phone Jack Stopforth on 051-227 5234.

MERCEDO
Merseyside County Economic Development Office

To: Jack Stopforth, MERCEDO (Merseyside County Economic Development Office), Tithebarn House, Tithebarn Street, Liverpool.
Please send me full details on Merseyside.
Please contact my secretary to arrange for a mutually convenient time to discuss the facilities and opportunities for industry on Merseyside.
Name
Position
Company
Address

Merseyside County Council

Rationalisation efforts to be stepped up

THE PORT

RHYS DAVID

A SAD BUT nevertheless hopeful milestone in the recent chequered history of the Port of Liverpool was passed at the end of last month, about as close to a deadline set by the Government as was possible.

A total of about 1,330 men from the port's already shrunken labour force of fewer than 5,000 dockers had volunteered by April 30 to take the extra redundancy payments on offer for a two-month period — about 80 more than the target set of 1,000 from the Mersey Docks and Harbour Company's labour force and a further 250 from the other main employer of dockers, West Coast Stevedores.

The men will get up to £16,000 tax-free under the two-month scheme instead of up to £10,000 with a balance from £6,000 after tax had been deducted — an impressive lump sum but for many a sad end to a life on the quayside. However, their sacrifice almost certainly has saved the Mersey Docks and Harbour Company to fight another day, for the Government had made it clear that the state funds on which the port now depends would be released only as targets laid down in a joint report drawn up for the Minister of Transport by the dock authorities and the National Ports Council were met.

The Government stepped in last December to underwrite borrowings of £3m by the company, which made its first loss for several years in 1979 and has since remained in the red. In March, with the position at London and Liverpool deteriorating — bringing with it the prospect of Britain's two most important ports going bankrupt —the Government came forward with a further £87m in new money for the two ports but with strict conditions attached.

The Port of Liverpool has found itself in its present sorry mess, only ten years after the previous Mersey Docks and Harbour Board crashed, for a number of now familiar reasons. Liverpool traditionally has been Britain's biggest port for general cargo, the volume of which has been shrinking rapidly over recent years with the containerisation of traffic. Hundreds of acres of dockland in Liverpool and Birkenhead, and the men needed to work them, have ceased to be required but agreements introduced after decasualisation in the late 1960s have made it both difficult and very costly to reduce numbers.

Overtaken

At the same time, the efforts the port was making to deal with change — for example by its own £50m investment in the new Royal Seaforth Terminal for container and bulk cargoes — have been overtaken by the very deep recession of the past two years. With British industry importing less because of reduced demand and exporters finding it difficult to sell overseas because of the strong pound, the total tonnage handled by Liverpool has fallen to about 15m tonnes —only half the traffic figure for ten years ago of about 30m tonnes.

Because all of Britain's ports are in a similar position, fierce competition for business has resulted at often cut-throat prices, and this has made it impossible to increase charges in line with inflation. The company's income last year at £65.64m was down by more than £1m on the previous year.

Part of the traffic — and revenue — which Liverpool has lost reflects political decisions totally outside the port's control. Britain's switch from imported cane to home-grown beet sugar, in line with EEC agricultural policy, has resulted in Tate and Lyle's biggest cane refinery — next to the docks in Liverpool — being no longer needed. The closure of steelmaking at Shotton similarly has deprived Birkenhead of its iron ore traffic. Together these two trades were worth £2m a year in revenue to the port.

On top of this Liverpool has been carrying a very heavy burden as a result of its efforts to cut down its labour force. The port has had to find £20m in severance payments since 1970 in addition to the £75m spent on essential projects.

The latest round of cuts in the labour force — support for which will come on this occasion from the funds now being made available by the Government — will give the dock company savings of at least £5m a year in wages alone, but still represents only one of the moves the port has to make to secure viability — the plans agreed with the Minister also envisage concentration of operations in a smaller area of the docks and changes in working practices.

Wasteful

Under present procedures aimed at sharing out the various tasks men are moved regularly from one area to another, a system which results in much wasteful crossing and re-crossing of the river. The port authorities are now hoping this can be replaced by a system in which each man will have a permanent position, though it might still be necessary to move men to other work to meet particular circumstances.

Discussions on these changes are now under way and the management is hoping that with the problem of the surplus now effectively dealt with, there will be acceptance of the need for more economic working practices. The willingness of the labour force to accept the need for as many as 1,000 redundancies — roughly one-third of the dockers on the company's books —is in fact seen as a clear sign of a much greater sense of realism in the labour force, especially coming as it does after a prolonged period of greatly improved labour relations in the port.

Though there have been some small stoppages, the main strike damage to the port over recent years has come from disputes elsewhere in industry. The steel strike of 1980 hit Britain's export trade in steel—a valuable cargo for Liverpool — and the more recent seamen's action in the UK is estimated to have lost the port £1m in lost revenue.

The dock rationalisation programme which is now to be stepped up is recognition that the old patterns of trade will not come back and that the port will have to proceed even more rapidly towards concentration on specialist trades. As Mr. James Fitzpatrick, the dock company's managing director, puts it: "The port will be a supermarket instead of a series of general shops which are open 24 hours a day for anyone who wants to come. The age of the general shops is gone."

If this is to be the approach, the supermarket's main branch will be the Royal Seaforth, which has three main terminals for containers, grain and timber together with general cargo berths and roll-on-roll-off ramps. Elsewhere in the port there are specialist facilities to handle combi-ships — hybrids capable of carrying general cargo and containers and sailing to countries such as India where port facilities can vary widely. Other terminals have been developed to serve the edible oils and fats trade and to handle bulk imports of wine and spirits. In both cases there are direct links to tank farms.

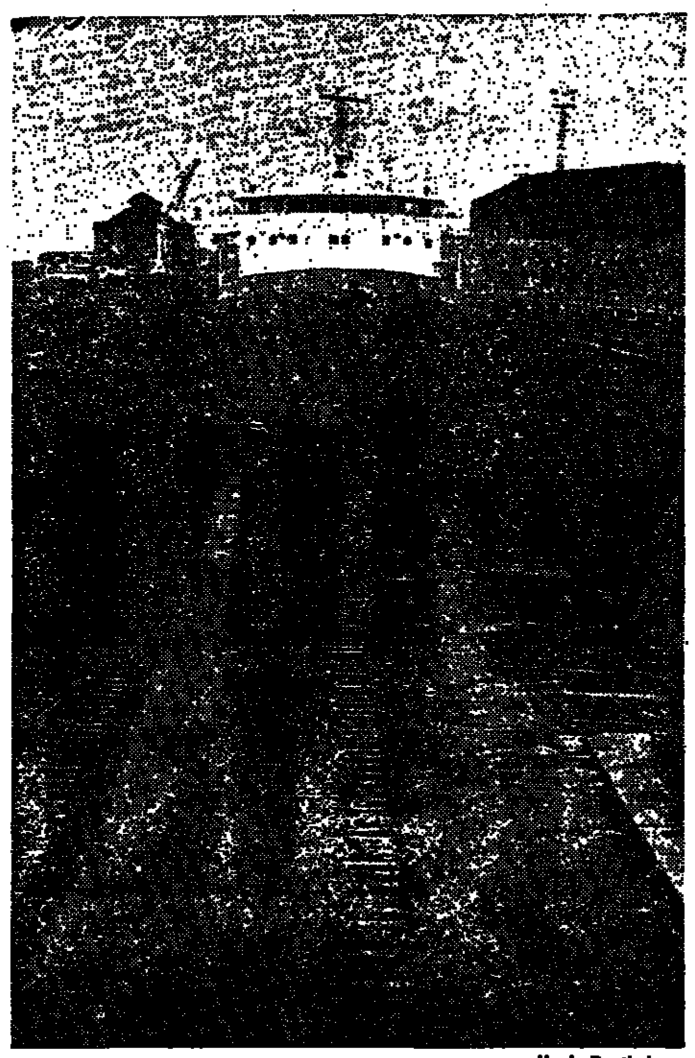
The grain terminal at Royal Seaforth also illustrates the type of portside industrial development the dock company would like to see springing up on land now being made available by the infilling of some of the older docks. Alongside the grain terminal, which is being used for exporting part of Britain's grain surplus, as well as for importing from North America and other major grain production areas, processing mills have been developed by Kellogg, Allied Mills and Continental Grain.

With a new cost structure based on fewer employees, and with other savings in overheads due to flow from further concentration of activity, the port authorities believe it will be possible to turn the corner — providing there are some signs that industry can soon pick up its level of output. All the recent evidence, in particular the response to the need to cut the number of employees, is a sign, the dock officials claim, that within the port at least the will to win through now exists.

Ford cars stand parked on the quayside ready for shipment to markets in Europe and Ireland

TRADE AT THE PORT OF LIVERPOOL ('000 tonnes)

1979	Imports	Exports
FOREIGN		
Food, drink and tobacco	3,025	278
Raw materials	2,489	236
Manuf. articles	647	1,627
Petroleum	1,354	—
Total	7,515	2,141
COASTAL TRAFFIC	Inward	Outward
Petroleum	4,786	9
Livestock	24	—
Other	118	712
Total	4,998	721



Hugh Routledge

A P and O line vessel lies in dry dock during an overhaul

Programme for survival

TO SURVIVE in the 1908s the Port of Liverpool will need to implement change in three main areas, according to a recent report for the Government drawn up jointly by the Mersey Dock and Harbour Company and the National Ports Council. It recommended that:

- The dock company's labour force must be reduced by a further 1,000 dockers and 500 other employees.
- Stevedoring activities must be concentrated in three main areas in the port — Royal Seaforth Dock, the Gladstone Dock system and Vittoria Docks at Birkenhead.
- Working practices must change to make operations on the Mersey more cost effective.

The rapid departure of 1,500 men and women from the port would eliminate the outlay of millions of pounds every year on pay for people for whom there is no work. A total of £3.5m was paid in 1980 to dockers who were sent home because they were surplus to the demands of shipping in the port.

Reducing the number of berths handling ships would reduce the heavy maintenance and manning costs on unwanted facilities while making the active areas more cost-effective. And changes in working arrangements would make it possible to increase efficiency and enable the port to offer more attractive terms to potential customers, the report concluded.

The moves now recommended follow other changes the port has had to make already in response to shifts in Britain's pattern of trade and in cargo handling methods. Since 1970 the labour force has been more than halved from more than 10,000 dockers to fewer than 5,000.

A three-mile stretch of dockland south of the Pierhead has already been closed to shipping and other unwanted areas have been mothballed or reshaped. The dock company recently announced a five-year plan to fill in another of the old finger docks, lining the river, this time at Alexandra, to create, with adjoining similar areas, a prime 45-acre, dockland development site.

New technology has been introduced, too, throughout the remaining seven miles of active docks on both sides of the Mersey. More than £50m has been spent on the new Royal Seaforth Dock, to transform 500 acres of reclaimed foreshore into grain, container and timber terminals and other facilities.

Despite its problems, which led to a loss last year of £6.25m, the port has also had its successes. The Royal Seaforth grain terminal, which with a twin facility at Tilbury, now handles more than half of the UK's imports, had another record year in 1980. The throughput of 1,730,000 tonnes was 80,000 tonnes more than in the previous year.

Liverpool remains Britain's premier port for the more labour-intensive general cargo trade and has taken a dominant position in the country's trading with the People's Republic of China, handling 29 vessels last year.

The Mersey also handles more edible oils and fats than any other UK port and is fifth in the world league for heavy and outsize loads, outstripping all other UK ports.

Forging commercial links

INNOVATION CENTRE

IAN HAMILTON FAZEY

Nearly £500,000 has now been set aside to launch a striking example of "town and gown" co-operation in the heart of Liverpool—Merseyside Innovation Centre.

The centre's job will be to forge new service links between industry and Merseyside's two dominant centres of higher education, Liverpool University and Liverpool Polytechnic. It will also help to identify commercial areas into which academic research can be directed. And a third aim will be to provide a local focus for innovative activity on Merseyside.

Making what might be termed a sacrificial contribution to the project is Liverpool's Roman Catholic Archdiocese, which owns the land in front of the Metropolitan Cathedral on which the building earmarked for the centre stands. Originally, the plan was to demolish the building —where Nobel laureate Sir James Chadwick did some of his later research in particle physics—in order to build a new processional way to the Cathedral. Now the Archdiocese has leased the land to Merseyside County Council and agreed to wait another 20 years for the way.

The Department of the Environment has just approved expenditure of £217,500 of inner city partnership money on the centre and the county is to make this up to £290,000. The University is giving £30,000 and guarantees for operating costs of £50,000 and £95,000 have come from the Department of Industry and the county respectively.

The polytechnic, which wants to contribute, relies for its money on a hard-up Liverpool City Council. The hope here is that the city's contribution can be made by some waiving of rates on the centre in the first two years.

Mr. Brian Dabson, of the Merseyside county planning department, says: "There are plenty of links between town and gown but many business people wondered if enough was being done. There appeared to be a need for something practical, down-to-earth and geared directly to the problems of Merseyside.

To ensure political independence, the centre's board of non-executive directors comprise two academics—one from each institution—and four industrialists—two with big company experience and two from smaller firms. The centre will also have 21 "members," such as large companies and local authorities, whose role will be consultative and, in some cases, will generate activity.

Prof. Derek Hull, a materials scientist and chairman of the board, says: "The executive director and his staff will occupy about a quarter of the 16,000 square feet. The rest will be rented to people, companies or organisations wanting proximity to the polytechnic or university to carry out R and D or other innovative work."

Income will be generated from rents and also from fees charged for consultancy, research and development. Prof. Hull plans that the centre will become self-financing within two years and he hopes to call on as few guarantees as possible.

Commercial viability and market awareness will be the main criteria for both industry-led and research-led projects. The planners are being careful not to pre-designate activities or projects but potentially fruitful areas are thought to include composite materials, quality and production control, and biotechnology.

Facts and myths about the Scouse worker

LABOUR RELATIONS

IAN HAMILTON FAZEY

THOUGH Mr. James Fitzpatrick is now managing director of the Mersey Docks and Harbour Company, he is still called "Mr. Fitz" to his face by Liverpool dockers. True, the "Mr." may be a concession to his present status, but his nickname persists from the time when he switched from the legal department into line management at the age of 32 and spent several months in a junior dockside job.

That was 18 years ago, at about the same time that Ford was beginning to make ears at Halewood, and when the Beatles were introducing the world to Liverpool's native irreverence for authority in general.

The intervening years have seen the reputation of the workforces at both companies go from bad to worse and come to exemplify Merseyside's image of poor industrial relations. Yet Mr. Fitzpatrick's nickname is used affectionately, not with disrespect. How can this be; among people who are supposed to typify Scouse militancy and bloodymindedness? And if there is a paradox at the docks, is there a similar contradiction at Ford's?

"The reality is nothing like the myth," says Mr. Fitzpatrick. And Mr. John Mallender, Ford's employee relations manager at Halewood, says: "We are just not as bad as we are painted."

So why the image? The traditional solidarity of Merseyside labour is part of it; so is the fact that Halewood still produces only 950 Escorts a day, against its German counterpart's 1,100. But many also feel that a major reason is the reluctance of managements to talk to the media in times of dispute. That, of course, is true elsewhere but other areas do not have workforces who appear to be born entertainers to a man, each with the gift of the gab, and many eager to bypass their own spokesmen and be "instant good television."

Mr. Mallender says: "The media have a job to do but industrial relations problems cannot be resolved in print." By the time managements are ready to speak, disputes are usually over and no longer front page news. But the damage, in terms of image, has by then been done.

The old image cannot help labour relations, he says, and he would like to see a fairer, more balanced picture. "It's easy to take a jaundiced view of Merseyside labour. Some of the reputation it has earned for itself, but often things become self-fulfilling prophecies."

Mr. Fitzpatrick has carried out some of his most important labour relations policies without fanfare. The critical policy, modernisation of the port, has been carried out by agreement with not a single day lost because of it, and that despite the fact that its 12-year programme will have seen three-quarters of the port's jobs lost by the end of 1981.

At the day-to-day level of port operations things have changed dramatically for the better. The turning point came in 1973 when two of the three stevedoring companies on the Mersey stopped operating and the port authority suddenly found itself the employer of most of the workforce.

Mr. Fitzpatrick, then personnel director, saw the root of the constant wrangles over ships and cargoes as the employer being a reluctant pig-in-the-middle between the dockers and the shipping lines, shippers, importers and exporters who comprise the port's customers.

"Six or seven years ago, neither wanted to know. The customers just demanded a service and the dockers just demanded their wages. A great deal has happened quietly since then.

"Now the dockers' representatives meet the customers with the management. They go to places like the Canary Isles to meet tomato growers and discover they are not Spanish grandees but ordinary people working for co-operatives whose livelihoods depend on their produce getting to market.

"I am prepared to take them anywhere in the world. They turn ships round faster when they know the customer. They make their own commitment. We even give them business cards to hand out."

The result has been that where in 1972 a quarter of a million days were lost through strikes, the number was down to one-tenth of that in 1979, with most of those in support of other people or demonstrations.

Communications and disclosure of financial and operating information have also played a large part in the transformation. Lately, video techniques have had great impact, with Brian Redhead presenting the programmes and grilling dockers, shop stewards and Mr. Fitzpatrick alike.

Ford, too, has found video tapes particularly useful and uses ITN journalists to add the authority of the trusted, familiar face. One of the most recent tapes was about Japanese competition and why working practices have to change to make Ford's next model, the Erica.

Mr. Mallender says: "The technology we need to build this new, light car requires us to have a lot of automated welding heads and many changes in working practice. That basic technology has now been accepted."

He sees the understanding and dialogue now increasingly evident at Ford as the inevitable result of nearly 20 years of learning on both sides. "Apart from hard line attitudes changing as people have seen jobs lost around them, I also like to think we have all got smarter."

Disclosure has also been vital among a workforce likely to question its own shop steward as much as the management. Again, video techniques, which enable everyone to see the same high standard of presentation, have proved the most effective medium yet.

James Fitzpatrick: still "Mr. Fitz" to the dockers

LEADING MANUFACTURERS

	Date of arrival	Main product	Number of employees
Ford	1962	Vehicles	14,000
Pilkington	1826	Glass products	12,500
Unilever	1880s	Soap, detergents	9,500
Plessey	1961	Switching equipment	6,000
BICC Prescot Industries	1870s	Cables	5,700
Associated Biscuits	1916	Biscuits	5,205
Cammell Laird	1828	Shipbuilding	3,420
United Biscuits	1896	Biscuits	3,100
Cadbury/Typhoo	1953	Tea, biscuits	3,000
General Motors	1958	Car components	2,234
Higsons Brewery	1780	Beer	2,000
B.A.T.	1902	Cigarettes	1,692
Kraft Foods	1957	Food	1,350
Unigate	1931	Milk	1,300
Birds Eye Food	1953	Frozen food	1,140
Pressed Steel Fisher	1958	Motor components	1,105
Dista Products	1945	Pharmaceuticals	1,000
Wimpey Construction	1954	Building	1,000
Champion Sparking Plug	1966	Sparking plugs	800
E. R. Squibb and Sons	1948	Pharmaceuticals	800

—and why things are better than they are painted

MERSEYSIDE'S labour force comprises about 550,000 people with jobs and about 100,000 without. With fewer than 4,000 dockers and only 2 per cent employed in the car industry, that leaves more than half a million people in industries where strikes are comparatively rare and, when they happen, go relatively unnoticed.

Mr. Jack Stopforth, of the Merseyside Economic Development Office, says that past troubles on the docks and at Ford's have tarred the vast majority with the same brush. A bad labour relations image is always the biggest obstacle he faces.

"Yet pharmaceuticals, food processing and chemicals have about 80,000 workers. There's no trouble there. And even the problems on the docks and at Ford's are now years in the past," he says.

Mr. Alex Doswell, docker, city councillor and secretary of Liverpool Trades Council, looks at the six-figure dole queue and says: "If this myth about our militancy is true, why are people accepting things that on their reputation they should be at the barricades about?

Mr. Jimmy Symes, of the Transport and General Workers Union, thinks the dockers' reputation is now thoroughly undeserved. He says: "When we have been on marketing trips with the dock company, 99 people out of 100 people end up asking us: 'What's all the fuss been about?'"

But Merseyside's problems have been real enough. Mr. David Gough, AUEW divisional organiser with 53,000 members, points out that the port's transition from labour to capital-intensive working affected not only dockers but every industry connected with the port. "There have been inevitable problems of people transferring to new types of work. It just cannot be painless," he says.

A different view is put by Mr. Len Collinson, a former Plessey director and chairman of Collinson-Grant, consultants on labour relations for 50 North West companies, a dozen of them on Merseyside. He says that on Merseyside there is a "hassle factor" on the shop floor that is not nearly so evident elsewhere.

"It's almost a perverse enthusiasm for tilting at authority of any kind, and that applies to employers, teachers and full-time officials. They feel the need to challenge everyone, including their own leaders."

Mr Symes says there is a reason. "We have been conditioned by the fact that we have always had to fight. There was a casual labour system on the docks. We haven't had full employment for decades. It's not surprising we have a tradition of solidarity. We are also articulate, we can't stand phoneys, and we are given to pursue things vigorously. But we never hide our intentions."

To Stopforth, this is a two-edged weapon which employers can use to advantage. "When they are good they are very good. But try to work a flanker and you will find equal enthusiasm in opposition. Of course, it requires good management and some companies won't move in and risk that sort of exposure."

According to Mr. Collinson: "A good manager on Merseyside—and there are many of them—has to be fair, firm, tight on detail, good at getting around the factory, and must know what's going on. To manage well on Merseyside you have to be more mobile and more visible."

The National Graphical Association has negotiated a Merseyside rate £11 above the national minimum. Its district secretary, Mr. Ray Williams, says: "Managements that stand up do well, provided they temper what they do with justice. If they level with people, people will respond. But it's our job to drive the hardest bargain we can. So if a manager is weak he is going to be bashed."

But not all labour relations on Merseyside are so adversarial. Unilever employs nearly 10,000 people in 18 units in the region. Mr. Vic Rice-Smith, personnel director of Lever Brothers, says: "I have strong views about where any fault lies. I think it is often with management shortsightedness and lack of flexibility.

"I wouldn't say that we have excellent industrial relations, but our philosophy has been to make everyone realise we are all on the same side. But too many people expect quick results. We have been working hard at it for about 13 years.

"We deal with 20 trade unions at Unilever. Now we have joint study groups working on productivity improvements. We have open management and no hassle. We are even at the point where we pay in advance for productivity improvements."

Management has had to change to change the worst of Merseyside's industrial relations. Mr. Barrie Marsh, a solicitor who acts for the TGWU and several managements and who, besides being vice-chairman of the Merseyside Chamber of Commerce, is also author of the standard work, Employer and Employee, says: "There have been some union extremists who have done harm, but there have also been a lot of weak managements. The newer breed of manager is very good and the unions have certainly responded well to them in the last few years.

"In the past people were prepared to see places shut down, sometimes because management cried "Wolf" too often. Things are different now: a lot of companies on Merseyside are in great shape to do well when the economy recovers."

Drumming up research

THE UNIVERSITY

IAN HAMILTON FAZEY

A FLAVOUR of Liverpool's rich past permeates the university quarter on the edge of the city centre, for much of the university is in restored Georgian terraces that testify to former glory and Liverpool's rise to become the British Empire's second city at the turn of the century.

However, the predominance of modern buildings around the campus testifies to the university's own rise and its ability to earn its own living as it celebrates, later this month, the centenary of its founding as a university college.

Just how much its expertise and services are valued is borne out by the research monies the university pulls in. These total an impressive £4m a year, with half coming from the private sector or grant-awarding bodies independent of government.

It is fair to say, however, that the university as a whole has not in the past tackled its research programmes as systematically and vigorously as it does now. The new attitude, which it has backed heavily from its own funds, followed the arrival of Prof. Robert Whelan as Vice-Chancellor in 1977. He returned to the UK to take on the job from a similar one at the University of Western Australia.

Chairman of the university research committee which was set up to centralise the formulation and co-ordination of policy is Prof. Alasdair Breckenridge.

He says: "In 1976-77 we found that we were slipping down the league table of research monies coming into universities — and our own research monies were falling in real terms. The university put up £300,000 to encourage more research."

The money has been spent to create an atmosphere where research is valued and encouraged, via three main branches of policy.

The first has been a "pump-priming exercise" involving more than £60,000. Often, up to about £2,000 is needed just to see if a line of inquiry is worth pursuing, but the lack of this nips much work in the bud. By putting up such sums, worthwhile projects have been identified so that researchers have then had something tangible to demonstrate when applying for funds to research councils, foundations or industry.

The second part of the policy, tying up about £200,000, has been a research fellows scheme, designed to attract young, usually post-doctoral high-flyers to the university for three years, with little or no teaching burdens. The first five of these is just finishing and another six have been appointed.

And, third, a visiting scholars' fund has brought eminent academics from all over the world to Liverpool for short periods to give papers or seminars on their work.

Prof. Breckenridge says: "The stimulus to research has been incredible. It has made people more competitive. I am a great believer in a bit of hard competition. It stimulates other people to work."

Apart from the considerable research going on in all departments, the university has also established four research centres to pull together workers from differing departments into specific multi-disciplinary fields. These are environmental studies, human ageing, marine and coastal studies and tropical clinical pharmacology.

To co-ordinate and develop links with industry a Research and Development Advisory Service has been set up with £69,000 from the Wolfson Foundation. The services' head, Dr. Barry Hewitson, will act as the university's go-between with the new Merseyside Innovation Centre.

Links with industry

THE POLYTECHNIC

IAN HAMILTON FAZEY

LIVERPOOL Polytechnic's work is carried to every country in the world to which British Airways flies, for the polytechnic designed the stewardesses' scarves.

And last year the Polytechnic's fashions and textiles department pulled off another coup, designing the women's swimming costumes for Britain's Olympic team.

Not to be outdone, the languages department gave the promotions industry Miss Liverpool, a 19-year-old student of French and German. The department's head, Cambridge soccer blue and former Pegasus captain George Scanlon, was already well-known anyway as Russian-English interpreter for Liverpool FC, West Ham, Cardiff City and, in the 1966 World Cup, the Soviet Union.

The polytechnic courts what publicity it can from such achievement. As Mr. Alex McMinn, director of external relations, says: "We have always had to live in the shadow of the university."

In monetary terms this is reflected in the eight years it took the polytechnic to accumulate its first £1m-worth of contract research activity, compared with the university's £4m a year. But that in itself is no mean feat, since it is only 11 years since the polytechnic was formed from Liverpool's colleges of art, building, commerce and technology, and reputations cannot be built overnight.

Further, it does not reflect the way in which the polytechnic is geared to industrial and vocational needs through its courses, many of which developed from the institution's role of providing the means for people in industry to gain professional qualifications.

Each year about 2,000 students on sandwich courses go into industry as an integral part of their undergraduate work. The postgraduate research commitment is, says Mr. McMinn, the biggest among Britain's polytechnics, not least because so many students—two-thirds of the 29 in chemistry, for instance—are sponsored by companies for which the research is relevant.

The polytechnic also has several areas of excellence which are the focus of research activity, all of them heavily involved in industry. For example, the maritime studies department, which educates a sizeable proportion of merchant fleet officers, has an international reputation for pioneering work on electronic navigation systems, using satellites.

As part of the Department of Industry's microprocessor application project consultancy (MAPCON), the polytechnic has been given DoI grants to run tailor-made courses for companies in microprocessor techniques.

And in the industrial chemistry laboratory—built in 1970 with £½m donated by industry—there are eight major pilot plants, all micro-chip controlled, where work is being done to improve chemical processes.

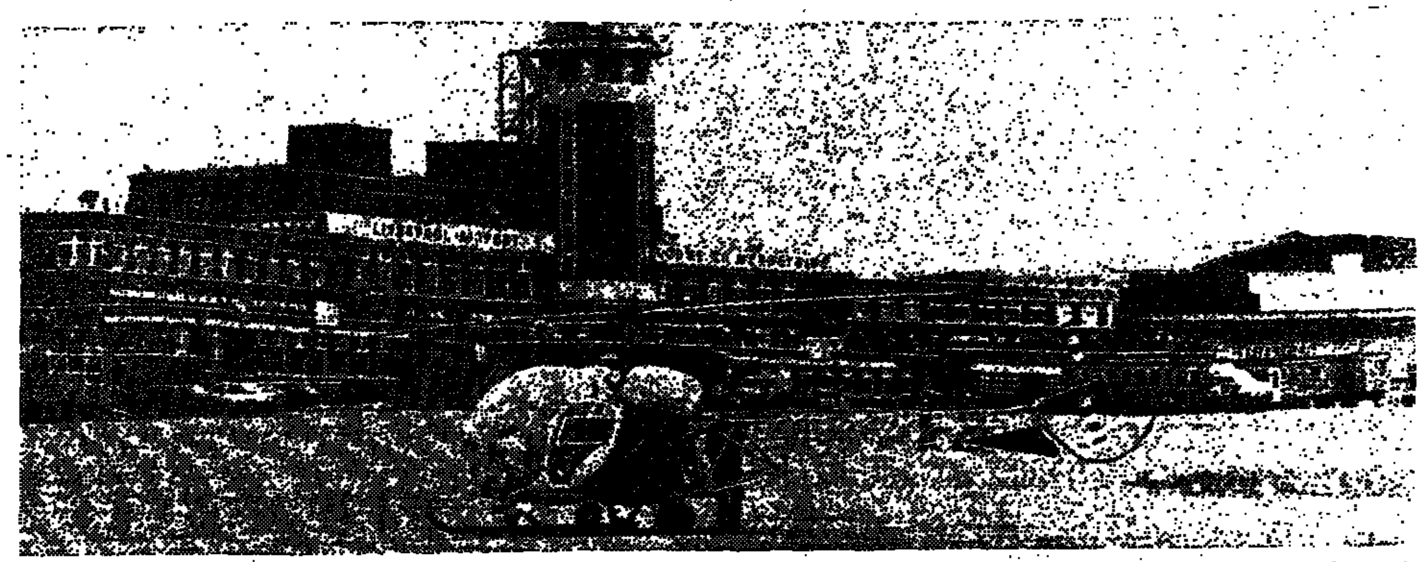
In one of them, Dr. Dennis Eardley is making significant improvements to distillation techniques. His work is backed by Corning Process Systems, of Stone, the Dow subsidiary, which has bought patent rights in advance.

Mr. McMinn also sees a new area for industrial links. He believes that many small companies often have worthwhile projects which lack of time prevents management pursuing. His cheap, effective solution is to have sandwich course students carry them out.

Postal crossroad brings income

LIVERPOOL AIRPORT

RHYS DAVID



BETWEEN 11.30 pm and 1.30 am every week night Liverpool becomes Britain's busiest airport. At a time when London Heathrow and many other major airports are closed, Liverpool is handling inward and outward flights to no fewer than eight UK cities.

The flights, by a variety of aircraft ranging from HS748s to small twin-engined aircraft, are all carrying mail and they form part of the Post Office's improved system for delivery of cross-country post. The aircraft arrive from Glasgow, Newcastle, Norwich, Gatwick, Bristol/Bournemouth, Cardiff and Belfast each loaded with bags for the other destinations. After these have been regrouped by city they are reloaded into the returning aircraft, most of which are back on regular short-haul passenger work for airlines such as Dan-Air or Air Ecosse the following morning.

Liverpool was chosen by the Post Office because of its very good weather record and central position, and the service, now in its second year, has succeeded well beyond expectations.

Mr. David Brewer, an assistant head postmaster in Liverpool, points out that the operation was designed to overcome problems that have arisen on the railways, the Post Office's traditional carrier. Many branch line services have been cut so that mail has to reach main centres earlier for distribution, and with its commitment to fast passenger operations British Rail is reluctant to delay trains too long to load and unload mail. Finally, where mail has to cross London there is often serious congestion between railheads.

Linked

The service has now built up to an average of about 500,000 items a night (out of 35m postings) and has made it possible, the Post Office claims, to allow later collection times for first delivery mail travelling between the centres covered.

Other towns, too, have now been linked in to the system by road. Thus a first-class letter from Preston to Swansea will travel by van to Liverpool Airport, by air to Cardiff and by van to Swansea.

Further expansion of these road links is a possibility and air services may also be started to Edinburgh and Aberdeen, the only major points around Britain's coasts not fully covered at present. London, because of the very good rail links it enjoys with the rest of the country, is likely to stay outside the system, with Gatwick dealing mainly with points south.

In revenue earned the Post Office service is worth an estimated £300,000 a year to Liverpool Airport—valuable extra income at a time when Liverpool like most other provincial airports is feeling the effects of the country's severe economic downturn. Passenger traffic through Liverpool in fact fell by 37 per cent last year, to 387,000, though a large part of this drop is accounted for by fewer diversions from Manchester Airport, where services were interrupted in 1979 when the runway was being strengthened.

Nevertheless, with fewer business travellers using the airport because of the recession the main domestic operator, British Midland, cut down last winter on its services to London and switched from jet aircraft back to turbo prop Viscounts. Routes to Dublin, the Isle of Man and Belfast have also been operating at reduced frequency, and a service to Frankfurt via the East Midlands has been discontinued.

Loss-maker

New routes have been established by the burgeoning Scottish airline Air Ecosse, to Edinburgh and Aberdeen using 20-seat Bandeirante aircraft built in Brazil, and there are hopes of new services to Glasgow and possibly Amsterdam. Currently, however, only nine commercial flights a day are scheduled from Liverpool, the lowest for some time. The airport, a consistent loss-maker for some time, is expected to turn in a further £1.8m deficit over 1981.

Yet although the county-owned airport is a substantial burden on Merseyside's ratepayers and has in the past been threatened with closure, the commitment among local politicians to keeping it open stands strong, and has recently been confirmed by investment in new facilities. In part this represents a reluctance to admit defeat, but even more importantly there remains a strong feeling that if Merseyside is to be able to compete successfully for internationally mobile industry, it has to be able to offer its own airport—and not just rely on the much bigger facilities available 45 minutes away by motorway at Manchester.

Airport officials argue that Liverpool can play a complementary role alongside Manchester and will actually benefit from its progress as Europe's fastest-growing airport. Mr. Rod Rufus, Liverpool's airport director, points out that as Manchester becomes more crowded it is likely to become more selective in the type of business it handles. As traffic builds up, too, Manchester could face growing opposition to night flying from surrounding communities.

Liverpool, which offers take-off and landing largely over sea, could in these circumstances become attractive as an alternative North West base for cargo traffic, for night flights, and—as Manchester gets increasingly into big jet, long-haul operations—for the older, smaller aircraft types. Swissair already uses Liverpool instead of Manchester one night a week for cargo and the airport is trying to persuade Lufthansa, which carries a lot of goods to and from the Ford plant at Halewood, to touch down in Liverpool.

Preferences

Liverpool would also like to see more of the North West's inclusive tour business—half of which is generated on Merseyside—pass through its airport rather than Manchester. Here, however, the airport is fighting against the preferences of the big tour groups which see no reason to double their overheads by operating from Liverpool if the public is prepared to make its way to Manchester.

Holidaymakers from Merseyside can now also take advantage of coach services operating from five points in Liverpool to Manchester Airport. The airport authorities are hoping to counter this, however, by encouraging local tour operators on Merseyside to develop holiday packages out of Liverpool.

The strategy Liverpool is following to be able to complement Manchester includes, inevitably, some rationalisation of its existing over-generous, and as a result costly, facilities. Whereas Manchester — and Gatwick — both have only one runway, Liverpool has two plus a third that can be used in cross winds.

The most modern, and the one most frequently used, is more than two miles from the existing terminal. However, it imposes on airlines expensive taxiing costs and on passengers a long ride before disembarking.

In a major act of faith in the airport's future, the county council decided last year to go for single runway operation, a move which will incidentally have the beneficial side-effect of releasing 440 acres of land in the ownership of Liverpool City Council, the airport's landlords, for industrial development. As part of the switch to single runway operation the county has also had to authorise new control tower and fire station facilities at a cost of £3m.

Work on this phase of redevelopment has already begun with completion due by late next year. In subsequent phases other facilities, including new terminal buildings, car parking and freight facilities, will have to be re-located next to the runway, taking the total cost of the schemes to more than £20m.

It is a burden which ratepayers on Merseyside can hardly be expected to shoulder willingly and a search is being made therefore for potential partners with access to private sector funds who might be prepared to take on the development on the right terms. Talks have been initiated with hotel groups which might be interested in developing a hotel-terminal complex and with car parking companies, and with freight handlers to see what arrangements can be negotiated.

There remains the problem, as Rod Rufus explains, of finding the necessary resources for work on apron development—a part of the scheme in which the private sector is unlikely to be interested. Approaches have been made to Government, and the EEC, to see if funds can be made available. Such help, it is being pointed out, would enable the overall scheme to go ahead more quickly and would provide further encouragement to private sector developers to come forward with schemes for other parts of the terminal complex.

Released

Just as importantly, the sooner a transfer is made to the new site, the sooner land now occupied by the present facilities can be released for comprehensive redevelopment. The more than 400 acres site, alongside an airport, seaport and main railway line, could prove to be one of the prime locations to become available in the UK over the next decade.

Even if the apron funding problem is overcome relocation of the airport's facilities—a move which itself is likely to result in considerable savings in operational costs—is unlikely to be completed much before the end of the decade. In the meantime the battle to achieve viability will be maintained, with every effort being made to maximise use of the airport's facilities and to minimise costs.

One approach to securing more intensive use of the runways has been to offer the airport's facilities to airlines for pilot training in landings and take-offs. Liverpool is also bidding strongly to be chosen as the helicopter base for flights to and from the Morecambe Bay gas field, though here it faces strong competition from other sites, including Barrow and Blackpool.

Single runway operation will also enable the airport to reduce its complement of firemen from the present figure of 62 needed for the existing two runways. The airport is hoping to end, too, the anomaly whereby it is Britain's only airport which relies for its fire service on a county brigade, paid for on an agency basis. This and other agency agreements are now being looked at and will be replaced by direct employment under the airport's control, where it is thought this can be done more economically.

All these measures are likely to help. Nevertheless, an upturn in the UK economy leading to a revival in business travel and freight shipments remains the short-term help Liverpool Airport would most welcome.

Creating new enterprises

ST. HELENS TRUST

RHYS DAVID

UNIVERSAL CHEMICAL Products, for all its grandiose title, is not yet exactly in the same league as ICI. Indeed, it was founded only last year by chemical salesman Peter Forrester and his father, a cable worker made redundant by BICC, and, with just one other employee, it still ranks as one of the smallest of the small businesses that have emerged lately.

UCP, which hopes to have a turnover of £150,000 this year from sales of disinfectants, is only one of a number of similar businesses that have sprung into life in St. Helens, the scene recently of a remarkable exercise in marshalling community resources to create new enterprises and hence new jobs.

At the heart of this work—now the subject of regular study by groups from towns all over the UK—is the St. Helens Trust, an idea conceived originally by Pilkington Brothers, the major employer in the area, but developed by the trust director, Mr. Bill Humphrey, with a momentum and along paths which the glass industry giant can hardly have expected.

Pilkington, one of a number of glass groups which dominate the life of the town, realised in the mid-1970s that changing technology—including new processes such as the float method of marketing glass—would mean a substantial reduction in its labour requirement and indeed that of other glass groups such as Rockware and United Glass. In the last few weeks the group has told employees that its mainly St. Helens-based UK labour force of 20,000 will have to be cut by a further 1,100 on top of cuts already made in the past two years.

Premises

The company decided that an initiative to support new businesses was needed but it also concluded that for the good of any organisation ultimately set up, Pilkington ought not to be directly involved in running it. The company has made premises available and put funds into the St. Helens Trust but from the start other bodies—ranging from the local authority and the banks to other industrial and commercial groups in the town—have played a full part too.

In the three years it has now been in operation the Trust, under the direction of Mr. Humphrey—a former Pilkington employee himself who had experience previously running a job creation project in South London—has pursued single-mindedly a policy based on one main principle. Put simply, it amounts to the belief that it is people with good ideas that need to be backed, not abstract projects which may or may not fulfil their promise.

The trust's way of putting this principle into practice has been to ensure that the potential entrepreneur can draw on help and guidance very quickly for most of the problems he is likely to encounter in setting up in business. The trust's own executive consists basically of Mr. Humphrey together with three seconded managers—two from the big banks and one from Pilkington.

As well as being the first source of help they also play an important role in pointing new starters in the right direction if more specialised problems need to be solved.

Professional people, such as accountants and technical experts in the town's big companies, have all been primed by the trust to provide help, and the trust's very good relations with the local council—one of its sponsors — act to dissolve possible bureaucratic delays. "Much of trust's activity is simply making the involved and confusing 'system' work effectively," Mr. Humphrey notes.

In the case of UCP the trust provided help in organising their paper work, and in particular in the preparation of cash flow forecasts. The company—basically a mixing operation—expected at the start to be selling its chemicals in 30-60 litre lots but soon found it was taking much bigger orders which were straining its ability to buy raw materials and containers. The trust put it in touch with accountants who were able to help draw up forecasts that could be presented to the company's bank.

Other companies started by individuals without financial training have been similarly aided but the main service so far has almost certainly been help in the provision of premises. For example, K and A Textiles, which already had a base in St. Helens, was backed by the trust in its efforts to persuade the borough council to allow a former school to be used as industrial premises—a change of use local authorities are usually reluctant to give.

The company, which distributes Levi garments to mail order houses, has been able to expand its garment re-presentation business—checking, pricing, labelling and sometimes re-pressing imported goods before delivery to the shops. Turnover, as a result, has increased from £200,000 to £650,000 over the past three years and the number of employees has gone up from 15 to 80 and could increase to well over 100.

The trust also acted as an intermediary for another new company, specialising in corrosion protection. A.R. Engineering had built up an order book of two months before starting operations but was unable to get possession of a factory it was about to occupy because the owners, Spillers, were at the time being bid for by Dalgety. The trust provided a secretarial service for A.R. Engineering

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Port Sunlight a monument to Lever

IS NOW nearly a century since William Lever decided to ıke soap on the Wirral. The one-time Belton grocer had gistered the name Sunlight and bought a small soap works Warrington. Demand soon outstripped capacity so Lever ught 56 acres near Birkenhead and in 1888 built his own rks on the Mersey, calling the plant Port Sunlight. Lever s to become Lord Leverhulme; the works part of Unilever.

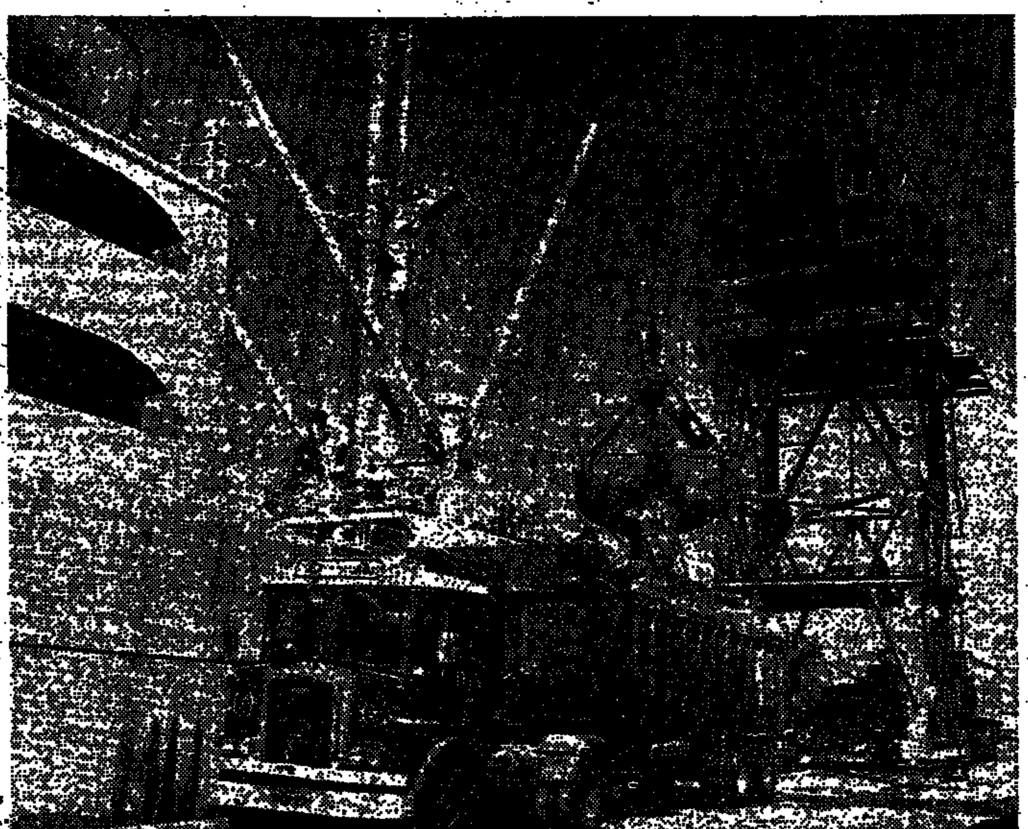
But work and output were not Lever's sole consideration. e believed his workers should live in conditions that allowed em to develop their lives after the factory whistle had own. A year after the plant began production he made a ırt on the village that was to become as famous around e world as the works.

Lever in his vision was ahead not only of his time but so of people such as Ebenezer Howard, who created the st garden village at Letchworth, Herts. But this was an a in which social-conscious employers, appalled at the con-quences of the industrial revolution for the worker and s family, were attempting to build a new sort of town. ıe Cadburys at Bournville, Birmingham, were also working ong the same lines.

Port Sunlight village remains a monument to Lever en though the philosophy has changed. Today, UML, the nilever management company, is selling the houses to those nants who wish to buy and it is possible to live in the lage now without working for the company.

The story of Lever, Unilever and the Merseyside con-ction is now being told in an information and display ntre at Port Sunlight (bottom right). It is here that the ach parties come in their hundreds since the village is a nservation area as well as home for several hundred people.

But Port Sunlight is also work and the new factories ight) and the docks (bottom left), where £1m is being ent on modernising the oil-storage facilities, are all part the complex that remains as interesting as it did nearly century ago when Lever first came to the Wirral.



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Creating enterprises

hile it was still without pre-ises, and helped speed up signment of the lease. The mpany was also given advice ı how to improve its capital ructure.

Again in the property field, e trust has used its influence th Pilkington to persuade the oup to release unwanted emises at low rents and to velop new estates specially r very small companies. One oup of cottages owned by the mpany now houses, at rents only about £1 per sq foot, a ntact lens manufacturer, a ating engineer, dressmaker, alytic chemist, cabinet ıker and French polisher.

Elsewhere in the town cupants of a modern develop-nt by Pilkington of "seed-d" factories, ranging in size m 500 sq ft to 2,000 sq ft, paying a fully economic .50 per sq ft, but on monthly ms instead of the long-term mmitment that is usually quired.

One of the occupants of this ate, Linksfield Laboratories, a new company with a new ea. Its two founders decided dustry would value a service whereby they were sold the chemicals for chemical analysis together with the necessary glassware rather than buy separately from different organisations. They first had to convince the trust that such an approach was viable, but having done so they have been given its full backing.

Experience in dealing with more than 850 inquiries has now largely confirmed Mr. Humphrey's belief that it is assessment of this sort and help with red tape, book-keeping, marketing, premises, and a variety of other difficulties not previously encountered, which the entrepreneur is likely to want and not—generally at any rate—money.

Funds can be provided from various services if needed, however. The trust has available about £90,000 including £25,000 in revolving funds from Merseyside County Council—the call on which so far has amounted to £25,000. Out of the remaining non-revolving funds loans totalling £41,500 have so far been made to seven companies.

Where the capital required is much larger and could not be raised for example, on the security of a house, a means of filling the gap is being offered through Rainford Venture Capital, a £2m fund set up by Pilkington and serviced by Venture Founders, an American firm of consultants specialising in this field. The fund has recently made available a total of £450,000 to two local companies—Diktat, a word processing organisation and Mark Roberts, a specialist building concern.

Consultants

One major new scheme attracted to St. Helens by the Trust—Positron Computers—is being backed by another source of capital, the Anglo-American Venture Fund, in which equal shares are held by the National Enterprise Board and two Californian businessmen.

The company has developed a range of high-quality computers and software aimed specifically at the education market, and is intending to expand later into the general business and professional market. Anglo-American is investing £265,000 in Positron and will be taking a 50 per cent share stake.

Another technological venture backed by the trust is the development of a hand-held ammeter and other sophisticated instruments by a new company, HEME, founded by a professional watchmaker. Here the trust has persuaded Pilkington to enter into partnership to provide HEME with the necessary capital and management backing.

The trust reckons that money spent by its clients on investment is now well in excess of £5m and that more than 1,000 jobs have been created by new ventures or the expansion of old ones.

Sadly, it has not been able to prevent unemployment in St. Helens climbing to around 14 per cent with the continued shake-out in the glass and other industries. The contribution the trust has made is nevertheless immense—not least perhaps in the example it offers to other areas of how to start pulling oneself up by the bootstraps.

The impetus for Pilkington Brothers to start the St. Helens Trust is summed up by this picture of the Pilkingtons plant: one man is sufficient to monitor the modern float glass method of production

From Mexico in search of the Beatles

TOURISM/SHOPPING

IAN HAMILTON FAZEY

THIS SUMMER several parties of Mexican tourists will come to Britain on a special tour. They will have seven days in London but the most important part of their holidays will be spent on Merseyside. The tourists are all members of the Beatles Mexican fan club.

Merseyside's Tourism Development Office wishes that Liverpool would make more of the Beatles. The office's most-requested coach tour is around Beatles sites, though there is not much on the ground to see—and not even a name-plate at Penny Lane where so many have been stolen that no one replaces them any more.

The coach tours are popular with school parties — partly because so many teachers want to go on them—but general interest is also sufficient for the Beatles tour to be planned as a scheduled service from this year on.

Miss Pam Staples, assistant tourism officer, thinks the tour has a hidden value for Merseyside: it meanders past the houses where the Beatles lived, the schools they attended, past the Penny Lane shops and Strawberry Fields; it takes in much of comfortable, cosy, respectable, clean and desirable Liverpool suburbia, the sorts of places tourists to any city would never normally go.

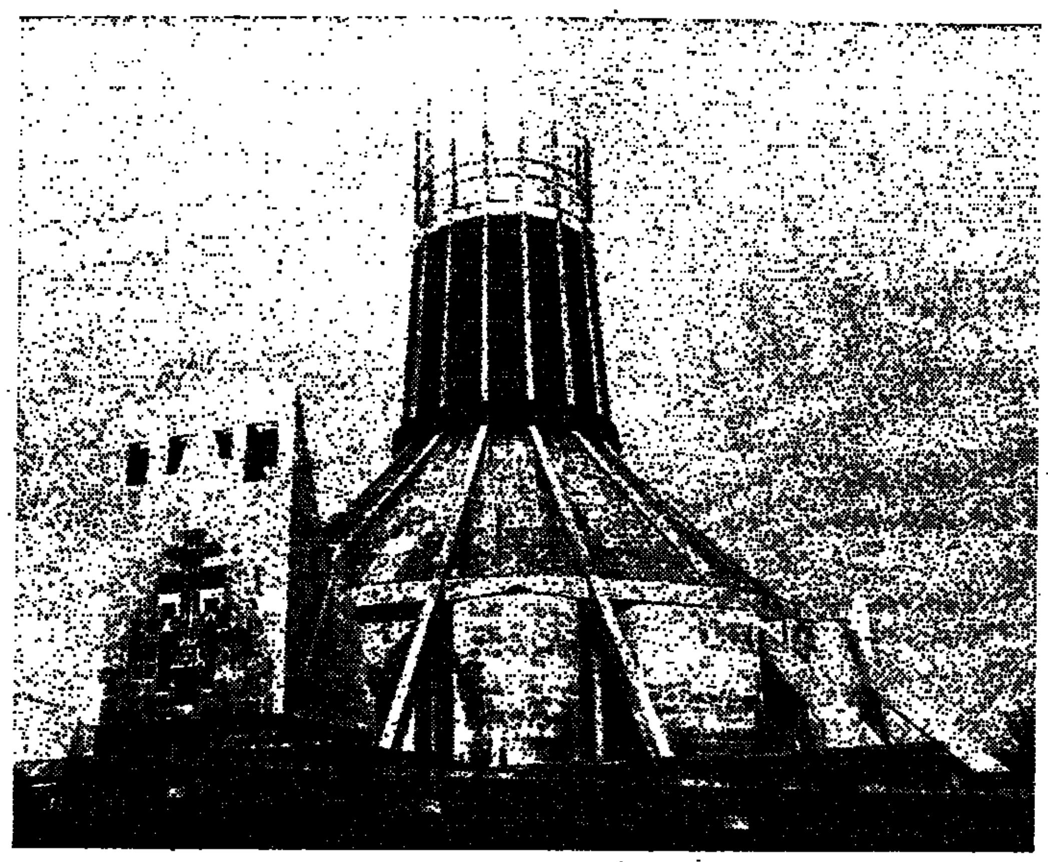
Miss Staples and her colleagues in the Merseyside Economic Development Office — the tourism section was moved into Mercedo from county public relations three years ago—find this image of suburban normality a useful contrast to the less helpful images they have to offset. These include industrial depression, inner-city dereliction, Lime Street Station, Sunday morning litter, vandalism, graffiti, and crime.

Although she almost winces as she lists the minuses, Miss Staples says: "We don't find it difficult to sell Merseyside. Not at all."

Indeed, British Tourist Authority figures show that Merseyside has at least 1.1m visitors a year spending at least one night in the county. More than 100,000 of them came from overseas. With their average spending on hotels, restaurants, entertainment and shopping, estimated conservatively at £40 per head, that means tourist revenue of at least £44m a year.

Added to Merseysiders' own spending on leisure, it is enough to support more than 10,000 jobs scattered around the county, and that is as many as there are, say, in Merseyside's thriving chemical and petroleum products industry.

Despite the abrasion often evident between Liverpool city and Merseyside county, Liverpool's position as the county's main tourist draw is exploited as much as possible by the county. The attraction is not just the Beatles, for worldwide fame accrues too from Liverpool itself, once Europe's principal emigration gateway to America, and Liverpool Football Club.



Above: Liverpool's futuristic Catholic Cathedral, built in the 1960s. Right: Fans at the controversial statue to the Beatles by the Liverpool sculptor Arthur Dooley

Hugh Routledge

Many visitors come to Merseyside's outstanding museums and art galleries, such as the Walker, which the county owns. These now include the Lady Lever Art gallery in Port Sunlight (itself a tourist attraction) given to the county recently by Lord Leverhulme. There is also a new maritime museum at the Pier Head, which is being developed year by year as a living testament to the past with demonstrations of mariners' crafts. This year, closed circuit TV will monitor port traffic, with commentaries available for museum visitors.

Other attractions include the city's two cathedrals—the Gothic-style Anglican building opened in 1978 and the futuristic Catholic structure built in the 1960s—the horticulturally outstanding Ness Gardens, Knowsley Safari Park, and the championship courses along Southport's "golf coast." And there is Speke Hall, a Tudor manor house nowadays unhelpfully sited between the disused Dunlop factory and the end of Liverpool Airport's runway.

However, Liverpool itself offers a major advantage: its centre has never sprawled since the sailing ship era and it retains the pre-motor car advantage of being almost entirely "walkable." The county has therefore taken to organising guided walks. These, a bargain at 50p per walker, averaged about 15 people on each last year to make a profit (break-even numbers are 12 on each) and there are many different routes. This year some are being added in the suburbs and parklands.

The most popular walks take place on selected Wednesday evenings. There are two routes, each an "ale trail" taking in the city's most famous old pubs, many of them ornate Victorian gin palaces. At one of them, the Philharmonic, and if the coast is clear, ladies can inspect the gents, which are carved from solid marble and overlooked by stained glass windows. Ale is not included in the price of these walks which always run over time.

Night life

Frequent visitors to Merseyside are the ships of various navies, often at the request of the crews. Liverpool has a thriving night life that makes it popular among sailors, though traditional Scouse humour might have upset the last visiting French warship, which was towed in by the tugs Nelson and Trafalgar.

Miss Staples says: "It's a place full of young, single people and there is always something interesting going on." Her own enthusiasm is that of the convert. A Bristolian with a languages degree from Bradford and an MSc in tourism from Surrey, she had a glamorous job with the British Tourist Authority in Los Angeles when she was seconded to help set up the maritime museum.

After about a week, she says, she decided that she did not want to live anywhere else in the world.

Part of her job involves foreign exhibitions, usually with Merseyside on a BTA stand. Inquiries from Germany, Holland and Belgium have followed and the Mexican Beatles fan club trips appear to have been sparked off by an exhibition in Mexico City last year.

The worldwide pulling power of the Beatles is, she believes, enormous but hardly exploited. There is a small, privately-run Beatles museum, but nothing official. Liverpool City Council agreed, after some sour debate, to put up a Beatles statue in the city and has set up a fund, but the Fab Four are without honour among some city fathers, to the dismay of most Merseysiders under 40.

Meanwhile, Mathew Street, where the Cavern was, has a steady stream of camera-laden tourists. On a nearby wall a sculpture by the Liverpool sculptor Arthur Dooley testifies to: "Four lads who shook the world." The money-earning possibilities from that world, in an area that needs every penny it can get, could well be endless.

Shop sales bring greater confidence

CHURCH STREET has become the focus of city centre shopping since it was made a pedestrians-only street in 1973. It now has the highest retail productivity per square foot in the UK outside London's West End, according to one department store manager.

Generally, shopping facilities are impressive, a solid aggregate of large department stores, medium-sized shops and small units. The "big boys" include Lewis's, the House of Fraser's Binns, Owen Owen and the John Lewis Partnership's George Henry Lee's.

Policy

Many shops have suffered badly in the recession and had to declare redundancies. Nearly all have had to adopt a policy of non-replacement of leavers and some have reduced staff hours in order to keep people employed.

However, things are beginning to brighten. Mr. Colin Andrew is Lewis's general manager and chairman of the Liverpool Stores Committee, which represents all shops. He says: "Last year was very bad and we all budgeted on only a 5 per cent increase in sales in 1981, which would have been hardly satisfactory for anyone.

"But as things have turned out, sales volume is now much higher than any of us thought it would be. Clothing, which has been in the doldrums for two years, is doing well. New fashions are selling. It's almost as though people have got fed up with wearing old clothes.

"In other areas volume is also showing encouraging signs. We are all much more confident."

Nevertheless, he thinks the retail trade on Merseyside has not fared as badly as elsewhere, since it was well used to operating in a community with 13 per cent unemployment before the 1980-81 trough in the recession. In relative terms, Merseyside's worsening to 16 per cent unemployed was not as traumatic for spending power as, say, the West Midlands' doubling to 11 per cent.

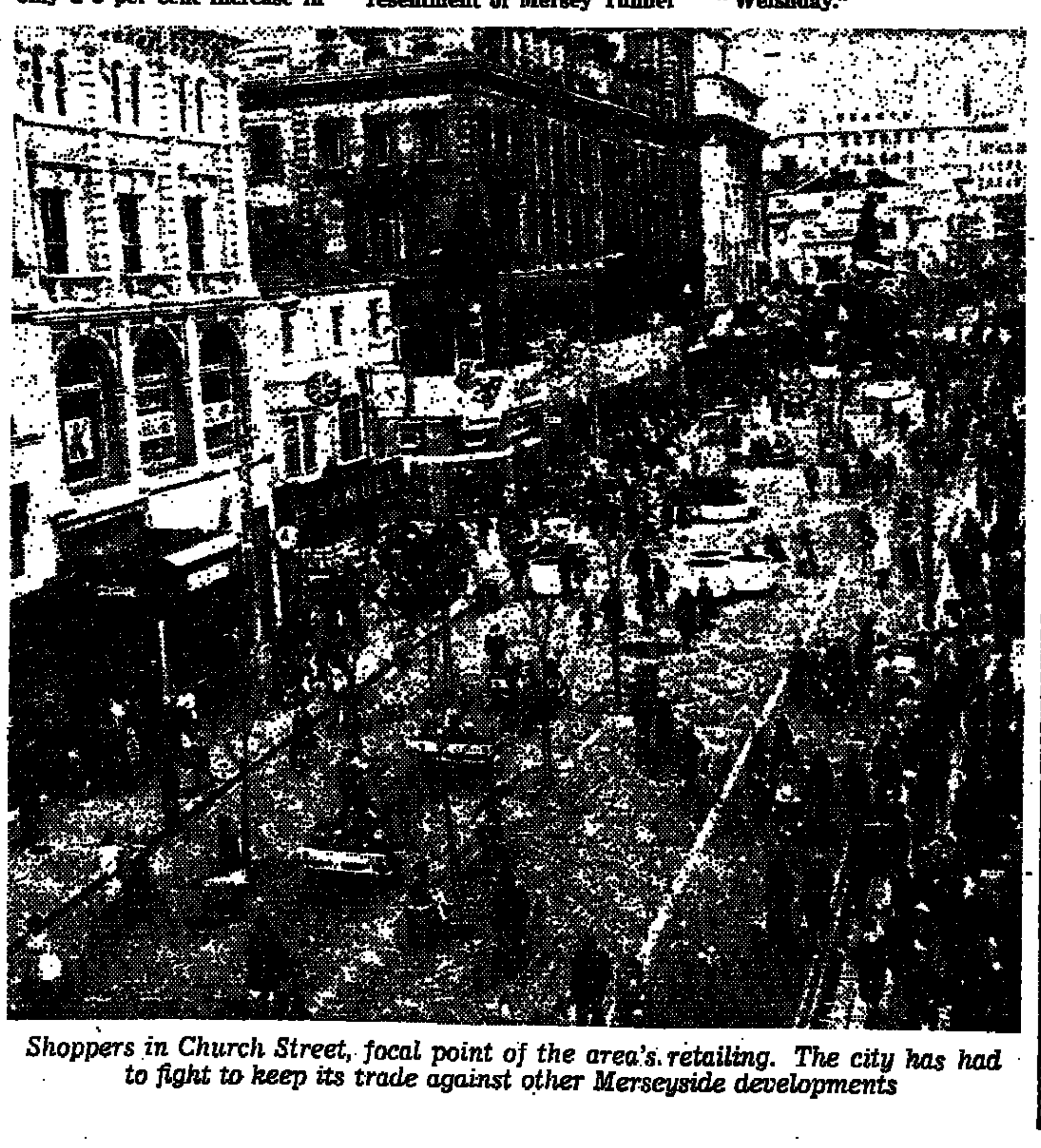
Liverpool's centre has had to fight hard to maintain trade against other Merseyside developments. In Birkenhead a new shopping precinct completed in the mid-1970s has been able to exploit resentment of Mersey Tunnel tolls and Liverpool City Council's high parking charges, as well as to help hold the Wirral's end up against tough competition from Chester.

There is good suburban shopping, with easy parking, in places such as Bootle, Crosby and St. Helen's, and Southport's Lord Street, with its ornate Edwardian canopies along its length, is one of the most attractive shopping streets there is.

On the superstore front, the Co-op's Leo stores have promoted vigorously for market share but Asda has had unfortunate experiences in Kirkby and Birkenhead.

Attractions

Retailers say that Liverpool still retains some of its attractions for North Wales, whose economic capital it once was. Despite the growth of Chester, Liverpool shopping still has a "big city" look about it, although trade from the Principality is nothing like it was in the 1950s and 1960s when Thursday—half-day closing along the coast to Anglesey—was known on Merseyside as "Welshday."



Shoppers in Church Street, focal point of the area's retailing. The city has had to fight to keep its trade against other Merseyside developments

مطابقة للأصل

POLITICS TODAY FROM CHINA

Can one billion people be wrong?

WHEN Deng Xiaoping, the current power in Chinese politics, went to America in 1979 to put the seal on normalisation of Sino-U.S. relations, he stressed that the Americans had acquired a poor friend — poor in the sense of poverty rather than unreliability.

And indeed poverty is the theme of modern China. It is difficult to have a conversation without the Chinese telling you at some stage that they cannot do everything they want, as quickly as they want, because they are very poor.

The poverty is not uniform. The disparities in incomes are quite large. At the People's Daily, for instance, the average wage is 70 yuan (about £19) a month. Senior editors earn over 200 yuan a month.

Even in the drabness of Peking, where practically everyone seems to wear the same clothes, it is possible to spot distinctions. One grey Mao-style tunic is not always much like another: there are differences in the cut and in the quality of the cloth. Some people obviously have better barbers than others.

Nor is the poverty of the kind usually associated with underdeveloped and over populated countries—bodies sleeping in the streets, illiteracy and disease. In China, or at least the parts of it that I visited, there does seem to be some minimum social welfare for all. Basic requirements of health, education and even housing are met. It is poverty with order.

The order is very repressive. To take only two examples: even the brightest graduate will be assigned a job by the state rather than allowed to make a personal choice. It is possible for a couple to be allowed to marry—the woman at the minimum age of 25 and the man at 27—and still be prevented from living together.

Yet the Chinese in their present mood are at least fairly open about their predicament. Poverty is the base on which they seek to build. The current aim is an annual *per capita* income of around $1,000 by AD 2000, as against $270 or so today.

The word liberalisation is taboo. The Chinese speak instead of economic reform, but there is a good deal of pragmatism about it which suggests that Marxist an dMoist slogans have been partially reduced to rhetoric. There is also a determination to succeed by whatever methods may be necessary.

Four areas struck me as being of special interest: the open-doors policy, education, population control and agriculture.

The open doors policy means essentially the opening to the West. Only the western industrialised countries can provide thte technology and the expertise which China requires for modernisation. The country is now engaged in a crash course in learning English and, to a lesser extent, Japanese. English is taught on the radio and on the television. The Chinese will come up to westerners in the streets to practise.

The People's Daily, whose guest I was, is shortly to publish an English language edition to be known as the China Daily. The equipment has been bought from Australia and the U.S. The dummy runs suggest that the product will be at least as good as any other English language paper published in non-English speaking countries.

They contain straight, up-to-date news about China as well as the main world news and a good deal of sport. Circulation is being sought not only among foreigners in China but also in Hong Kong, Japan, the U.S. and Europe.

It was impossible to get an estimate of the investment cost, though much of the technical help is coming from Australia under a long term contract. Like Chinese radio and TV and, to some extent, the Chinese Press, it will carry advertising. It seems to me that this is a serious venture that speaks volumes about China's determination to project itself abroad.

Poverty now—but looking forward

In education China has abandoned any pretence to egalitarianism. It is not that the authorities necessarily have anything against the comprehensive principle. They have rather decided that since teaching resources are scarce, some of them need to be concentrated in order to produce an educated elite. The result is a system of "key" schools where pupils are selected, often by examination at the age of five and given the most intensive education. Some parents are now teaching their children Chinese characters at the age of two in the hope that they will get in.

We visited a "key" primary school in Chungking where it was said that Mrs. Deng Xiaoping had once been headmistress. Despite some antiquated equipment, it was considerably better than any school that I have ever seen in England. The children read, sang and sometimes spoke to us in English. They did gymnastics, drawing and model-making with evident enthusiasm. The teacher-pupil ratio was 13 to one, not to speak of attendant helpers.

There are four such primary schools in Chungking, serving a population of around 6m. The rest of the children are simply educated to lower standards. The same system goes up through middle and secondary schools. It is apparent at the highest level in the University of Peking which I wrote about last week. The hope is that in time there will be greater teaching resources so that the best education can be more widely spread.

Almost everything will come to nothing, however, if China cannot control the size of its population. The striking fact is not that the country is so big—actually it is smaller than Canada; it is that there seem to be people everywhere. Population growth tends to nullify whatever economic growth there is.

The authorities were aware of this when they began to introduce methods of birth control in the early 1960s. Whatever progress that was made then was lost in the years of the cultural revolution and the period of the Gang of Four. In the province of Sichuan, for centuries the granary of China, the population began to grow at over 3 per cent a year and it became necessary to import grain. Now, the population is said to be growing at 0.4 per cent a year, but the economic structure of the province has still not entirely recovered. The economics editor of the main provincial newspaper said that it would be 1985 before Sichuan would be in as good a position as it was 20 years ago.

The approach to birth control may sound harsh. The model Chinese family now consists of a couple married with one child. It used to be two. If the parents then pledge themselves not to have any more children, they will be materially rewarded through such things as state subsidies and better accommodation and so will the one child. If they make the pledge and then break it, they will be in trouble.

Parents who never make the pledge and go on producing children are penalised. The costs of medical care rises progressively with each child. The claim to accommodation grows less. The larger the size of the family, the smaller the size of the allocated dwelling.

On top of that, a UN official working on population control from a base in Peking estimated that about one in five pregnancies are terminated in one way or another.

Some Chinese obviously like it. A steelworker, the youngest of five children, said in the presence of his father that he intended to have only one child because that was the only way that the system could work. The father did not comment and indeed it is a matter of some significance whether the rigorous attitude to population control can get through to the masses, especially in the countryside.

I mention it because birth control has become such an essential part of the current Chinese approach to the economy. Only if the population is planned, it is said, can there be effective economic planning. Otherwise, even the best laid plans will go awry.

The importance of agriculture is that 80 per cent of the people live on the land, yet China is still a net importer of grain. There is a number of paradoxes here. It is not that the land is not cultivated. On the contrary, in the parts that I saw it was almost impossible to find a patch of arable land that was not growing something. It is rather that everything is grown in smal plots because that is the only way of employing the people and keeping them in the countryside.

Mechanisation is not the answer. It would mean the end of small plots, whether owned by the state communes or by individuals, and would simply displace the people. They would have little choice but to seek to go to the towns where there are already severe unemployment problems.

Somehow a balance will have to be struck between making the land more productive while increasing the pace of industrialisation to absorb more workers. One partial way would be the use of more fertilisers, which the Chinese say once again that they are too poor to be able to afford.

The present economic and political balance is being achieved by paying the peasants more for their produce in the hope that they will spend the increment on consumer goods, thereby increasing light industrial expansion. At the same time, the urban workers have been compensated for the increase in food prices by subsidies that come as part of the pay packet. They, too, are expected to spend what is left over on consumer goods.

The departure from Maoism is that rural incomes have been levelled up rather than urban incomes levelled down. It may not sound much of a model, but what becomes clear after two weeks of travelling, talking and listening is that there is no Chinese model for anything: China is unique.

Two facts stand out. One is the determination to do something to raise the present standard of living. The other is the realisation of how catastrophic it could be if the population continues to grow and the economy fails to pick up.

Some bankers in Hong Kong say that China, with its policy of financial prudence, will make it in the end. The question really is whether it can curb the political convulsions that have plagued most of the past 20 years.

Malcolm Rutherford

Letters to the Editor

Start-up schemes

From Mr. C. Dilloway.

Sir,—Mr. Greenly's letter (April 29) is only the tip of the iceberg in the emasculation of small computer software companies by the Finance Bill. Providing a programming or computer operating service falls neatly within the definition of "relevant services" in Clause 34. Consequently, 30 per cent of the fee income of the computer service company will have to be held back against, of all things, corporation tax. As small companies don't pay corporation tax a refund will eventually, say after 18 months, be made of the corporation tax held back. If our legislators pass the clause into law they are in my view breaking our Parliamentary traditions by collecting taxes that it is clear will never become due and have to be refunded. Men died for less.

All this comes about because of the way small computer enterprises have come to be organised. They have no time for sales activities. Their selling is done for them by agencies on commission. Clause 34 contains a further definition that includes the agencies as "third parties."

Mr. Greenly puts the blame for these emasculations on the civil service. I would be more specific and say the Inland Revenue. The tax collecting activities of Customs and Excise follow the principle that if they stifle business there is no tax to collect. Oh that such a message could reach their land-based brethren.

C. Dilloway,
Highcroft, Gunhouse Lane, Bowbridge, Stroud, Glos.

A picture of profit

From Mr. A. Shearer.

Sir,—Mr. O'Sullivan (May 1) argues that the combination of current cost accounting (based on "the value to the business") and *current purchasing power* (based on changes in the value of money) would give a more realistic picture of profit. This might be *true for companies* such as investment companies whose net assets are determined by the prices at which their assets could be purchased and sold on a (reasonably) free market. In such cases the CCA net assets of an investment company might well reflect the underlying value to the shareholder of the company, and a combination of CCA and CPP might give a realistic picture. As these market prices rise the company will be worth more, *and as they fall it will be worth* less.

Unfortunately the CCA net assets of most companies do not reflect the underlying value to the shareholders of the company. Manufacturing companies, for instance, that present CCA balance sheets will usually base these net assets on the expected cost of replacing these assets. *Such replacement* costs are likely to be somewhere between their resale price on a break-up basis, and the expected future income *derived from operating* those manufacturing processes. It is a fallacy to presume that the company is worth more just because it has to spend more to replace its assets, or to presume that it is worth less if the replacement cost of its assets fall. The true worth of such a company will rather be dependant upon the margin between those changing replacement costs and the future income that can be derived from its operations.

Sandilands' adoption of the phrase "value to the business" has confused some people into believing that CCA net assets *can be equated to the "value of* the business" or indeed to the "value to the shareholder." It is a shame that accountants *must be so pedantic as to maintain* that the difference is important—but it is! Comparing CCA net assets over a period of time *will only give a realistic picture* of profit in those rare cases when CCA net assets are indicative of the worth of a company. *Comparing CCA net assets over* a period of time will probably give a misleading picture of profit in the majority of cases when CCA net assets are based on replacement costs that are "values" to us accountants, but to very few others.

It is for these reasons that the best indicators of Mr. O'Sullivan's realistic profits are the comparisons of current revenues with current replacement costs. This is achieved through the current cost profit and loss account and not by means of the current cost balance sheet.

Tony Shearer.
Gaston House, Gaston Street, East Bergholt, Nr. Colchester, Essex.

Hire purchase on cars

From Mr. J. David

Sir,—On April 7 you reported that the motor trade associations and the Finance Houses Association had drawn up a memorandum asking for minimum "down-payments" for new and used cars on hire-purchase to be reduced from one third to one quarter and for the maximum repayment periods to be extended from two to three years. Letters have been sent to Mr. Norman Tebbit, Industry Minister; Mr. John Biffen, Trade Secretary; Sir Geoffrey Howe, the Chancellor.

It is argued that the retail motor industry is in severe difficulties and that the easing of hire-purchase restrictions would affect only the private buyer and could be expected to have a substantial impact on used car sales. (Cars used for trade, business or professional purposes are already exempted.) I am involved with another association and I have been able to find nothing but opposition to the idea.

Events over the past 25 years have proved the wisdom of the traditional principles of granting credit. When, out of eagerness to push up figures, these principles have been significantly weakened disaster has followed: *notably in 1959-1960* and again in 1974-1975. On those occasions the largest companies set the pace and suffered the largest losses. The rest had the choice of standing back and risking going out of business or joining in and certainly going out of business. And this was in the days of expansion and full employment.

The present proposal is put forward because business is bad and at a time when the rising number of unemployed has passed 2.5m. Also overtime earnings are suffering.

In my experience the private buyer can usually be trusted to *act sensibly* and honestly but it does not take many of them to miscalculate or to suffer misfortune for finance house margins to be mauled.

The existing controls of one third deposit and 24 months' payments have on the whole worked well, have enabled companies to recover from the ravages of 1974-1975 and have prevented too many consumers from over-committing themselves. It seems to be generally felt outside the petitioners that their proposed relaxation would again open the gates to the slippery slope.

A new factor which has *arrived since the events of* 1959-1960 and 1974-1975 is the Banking Act, 1979. Deposit-takers must now be licensed by *the Bank of England which is* obliged to require that such companies conduct their businesses in a prudent manner.

One thing is certain. This proposal, if implemented, will do nothing for prudence. Indeed, a significant body of informed opinion apparently thinks that it is, in itself, imprudent and that the present controls serve well both the car buyers and those that finance them.

John David.
Arkley Hall, Barnet, Herts.

EEC farm price review

From the Chairman, Cake and Biscuit Alliance.

Sir,—John Edwards, your Commodities Editor, refers (May 1) to the 2 per cent co-responsibility levy on all EEC beet producers. This is not the only co-responsibility levy being raised by the commission.

It is nonsensical to increase in the annual farm price review the price of commodities in surplus unless that increase is essential in order to maintain farm incomes at an economical level.

Co-responsibility levies tax the EEC consumers of food and give no benefit to the farming industry. *It is merely a back* door method of raising the revenue to subsidise the export of surplus commodities.

W. A. Palmer,
Westmorland House, 127-131 Regent Street, W1.

Knights of the long knives

From Mr. E. Chaplin.

Sir, — You report Leslie Chapman's claim that between £5bn and £10bn could be cut from Government annual expenditure of £79.2bn if serious *efforts were made to cut waste* and improve efficiency. He may well be correct.

From my direct observation overstaffing in the PSA continues, and an architect friend in the PSA told me recently that his department numbers could be halved without loss of efficiency.

Public servants are hanging *on to their jobs like limpets.* Are our Ministers powerless or overworked or just incompetent? Would the appointment of additional junior ministers help to put more drive into the campaign to reduce waste and improve efficiency in the public sector?

Let us hope knighthoods and other honours will go to those public servants who make the greatest savings and not to those who have served longest or headed the biggest departments and who may well have obstructed Government policy. Lord Soames should be able to get this message across.

The present is an opportune time for swift action to reduce the numbers of useless public servants because their union's actions in trying to force through higher pay by strike action is putting public opinion behind the Government.

I think Leslie Chapman was right to decline the offer to join Sir Derek Rayner. Mr. Chapman's direct experience has shown him the scale of the problem is much, much greater than can be dealt with by Sir Derek's team.

What can be done to promote Mr. Chapman's ideas leading to quick action? The PM could do *something, surely?*

Edward Chaplin.
"Springwood," Innhams Wood, Crowborough, East Sussex.

Labour Party conference

From the General Secretary Association of Professional, Executive, Clerical and Computer Staff

Sir,—Your Lobby Correspondent (May 5) reveals the organised grapevine that exists within the far Left of the Labour Party when she can talk about the terms of a motion that was debated at the annual conference of the Association of Professional Executive Clerical and Computer Staff, without ever consulting this union.

There is no question of APEX having given a boost to any of the activities of the Campaign for Labour Party Democracy. Our annual conference decided to support Mr. Healey in the election for deputy leader of the Labour Party and to reject all the propositions of the far Left to support the present composition of the Labour Party electoral college.

Tucked away in the motion on this matter is some reference to the drawing up of the manifesto. The motion, however, proposes that the manifesto be drawn up by the NEC and the Parliamentary Labour Party. To *the best of my knowledge no* proposition from the far Left is based on this proposal.

Conference delegates supported the amendment which dealt with the question of the composition of the electoral college and did not refer to the manifesto at all. No speaker in moving the motion or speaking to it ever referred to the manifesto, *so they clearly had no* faith in the attractiveness of such a proposal.

My executive council was well aware of the tactics of the far Left in believing that these few words in the manifesto would bind the executive. They overlooked, however, the fact that this part of the motion is badly drafted from their point of view and by *failing to refer to* the manifesto at all, they showed their recognition that the real issue being discussed by conference *was the electoral college.*

My annual conference passed the report to the executive council reporting that it voted against the far Left's proposal to give the NEC of the Labour Party control over the contents of the manifesto at the 1980 Labour Party conference and that was the decision by our conference which will guide us in the future.

Roy A. Grantham,
APEX.
22 Worple Road, SW19.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, and Mr. *James Prior, Employment Secretary,* speak at Scottish Conservative conference, Perth.

Sir Harold Wilson speaks at *National Association of Pension* Funds conference, Birmingham.

Institute for Fiscal Studies conference on the Treasury and Civil Service Committee report on monetary policy, Grosvenor Hotel, SW1.

Mr. Ian MacGregor, British Steel Corporation chairman, speaks at American Chamber of Commerce lunch, Hilton Hotel, W1.

Association of British Chambers of Commerce annual conference, Kensington, debates "Chambers and local authorities."

Overseas: Mr. Kurt Waldheim, United Nations secretary-general, meets President Antonio Ramalho Eanes, Prime Minister Francisco Pinto Balsemao and Foreign Minister Andre Goncalves Pereira during three-day official visit to Portugal.

Association of South-East Asian Nations Foreign Ministers, meeting in Jakarta, discuss Kampuchea and hopes for calling international conference.

European Parliament session concludes, Strasbourg.

Prime Minister Zemko Suzuki of Japan concludes meeting with President Ronald Reagan, Washington.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Department of the Environment publishes figures for housing starts and completions during March; first quarter house renovations; and building society house prices and mortgage statistics for the first quarter.

COMPANY MEETINGS

Ault and Wiborg, 71 Standen Road, SW, 12. Bodingtons Breweries, Midland Hotel, Manchester, 11.45. Bronx Engineering, 75, Harborne Road, Birmingham, 12. T. Clarke, Savoy Hotel, Strand, WC, 12. Eagle Star, 22 Arlington Street, SW, 12. A. Jones, St. James, Northampton, 11.45. Silkolene Lubricants, Belper, Derbyshire, 12. Tate of Leeds, Parkway Hotel, Otley Road, Leeds, 3.

COMPANY RESULTS

Final dividends: Lanca. Interim dividends: Fulcrum Investment Trust. Pochin's. Ulster Television. Vaux Breweries. Whessoe.

UK COMPANY NEWS

Royal Bank of Scotland falls £9.6m

SEVERE pressure on interest rate margins and the continuing rise in operating costs have, as expected, brought a reduction in pre-tax profits for the Royal Bank of Scotland Group in the half year to March 31, 1981.

With operating profits down from £51.7m to £43.3m and the associates' share £1.6m lower at £6.1m, the pre-tax surplus fell from £51.8m to £42.2m after interest charges on subordinated loans of £7.2m (£7.6m).

In January, Sir Michael Herries, the chairman, warned that falling interest rates and reduced demand from industry for loans as pressure on costs eased would have an adverse effect on profits in the short term. In the last full year, profits edged 4 per cent ahead to £100.1m.

The first-half operating profit was struck after an increased provision for bad and doubtful debts of £8.9m, compared with £6.1m last time. Of this provision, £7.5m (£4.8m) referred to specific debts and £1.4m (£1.3m) to general.

Earnings per 25p share are shown down from 14.8p to 10.9p, but the interim dividend is raised to 2.4p (2.2p). Last year a final of 2.7p was paid.

The bank has made no provision for its potential liability to the proposed special tax on UK banking deposits—a tax the directors describe as discriminatory, unfair and a dangerous precedent. They estimate the liability to be not more than £22m, which will be charged as an extraordinary item in the full year accounts.

Tax for the first half-year took £17.6m (£18.6m). After preference dividends of £0.1m (same) and extraordinary credits of £0.6m (£1.4m), the attributable surplus was £9.4m lower at £25.1m.

Ordinary dividends absorb £5.4m (£4.9m), leaving £19.7m (£29.6m) to be retained.

On a current cost basis, the pre-tax profit is reduced to £22.3m, against £31.9m for the corresponding period last year.

The directors say that although average volumes of both deposits and advances were higher than in the first half of 1979/80, there was a marked reduction in customer current account balances. The average base rate fell from 16.3 per cent to 14.4 per cent and, while earnings from commissions and fees improved, operating costs continued to rise.

The fall in associates' share was largely attributable to Lloyds and Scottish.

The group is to pay £1.2m for a 40 per cent interest in Kellock Factors, the principal subsidiary of Kellock Trust. The bank will make available facilities to double the capital base of the company, a debt factor which last year turned in pre-tax profits of £350,000.

The bank is itself the subject of rival bids from Standard Chartered Bank and the Hongkong and Shanghai Banking Corporation. Both offers have been referred to the Monopolies and Mergers Commission.

See Lex, Back Page

£0.7m loss suffered by Camrex

TURNOVER OF Camrex (Holdings), specialised coatings manufacturer and corrosion engineer and contractor, fell from £25.02m to £23m in 1980 and the group incurred a pre-tax loss of £689,000, against profits last time of £171,000.

There is no dividend for the year, but the board says it intends to resume payments as soon as possible, and hopefully in 1981. In the previous year, a net total dividend of 4.02p was paid.

At the halfway stage, the group had slumped to a loss of £1.02m after providing £476,000 for projected future losses and writing down the value of claims in its contracting business.

In the second half, trading improved and the group showed a net profit of £61,000. This together with a further tax write-back less minority interest adjustment, reduced the attributable loss shown at the half year from £1.45m to £1.24m.

After considerable restructuring of the group in the first half, the board now feels the company is on a more stable basis. The year ahead looks promising and it believes a reasonable profit will be obtainable.

The taxable surplus was struck after depreciation of £546,000 (£575,000) and an exceptional debit of £80,000, representing compensation or loss of office, and a share of associated company profit of £10,000 (£79,000).

The loss per 20p share emerged at 4.73p against earnings of 3.06p after a tax credit of £239,000 (£216,000), minority interests of £4,000 (£3,000) and an extraordinary debit of £787,000 (£57,000) for redundancy and closure costs, including £267,000 of the provision for future losses made in the interim statement.

The balance of the provision has been merged with the group trading loss.

Matthew Brown increases 20%

Taxable profits of Matthew Brown and Co., the Lancashire brewer, increased by nearly 20 per cent from £1.59m to £2.01m for the 26 weeks to March 28, 1981, on turnover up from £11.81m to £14.02m.

However, chairman Mr. P. W. Townsend says he cannot predict a similar improvement in the second half. Beer sales volume is down on last year.

The group is paying an increased interim dividend of 1.35p against 1.25p last time. In the previous full year, a net total dividend of 5.685p was paid.

Earnings per 25p share emerged up at 5.95p (4.46p) after tax of £865,000 compared with £636,000.

● comment

Shares in Matthew Brown responded to the 8 per cent dividend rise and 26 per cent increase in pre-tax profit by adding 6p to close at 170p. Volume of beer sales fell by nearly 3 per cent in the first half, but margins were aided by a price rise last autumn. In common with many regional brewers, Matthew Brown is being less affected by the downturn in demand than the industry as a whole. Volume was down by around 3 per cent in the first three months of the year compared with a 6 per cent decline for the industry. While the company appears confident it will exceed last year's £4.08m pre-tax profit much depends on the public reaction to higher taxes on beer imposed in the spring Budget and the summer weather. At 172p—up 8p—the shares are on an historic yield of nearly 5 per cent.

Aberdeen Construction payout up

THE RESULTS of Aberdeen Construction Group for 1980, with pre-tax profit up from £3.45m to £3.59m on turnover at £76m compared with £61.08m, were in line with the directors' predictions at the half year stage.

An increased final dividend of 4.12p (3.65p) per 25p share brings the total to 6.42p (5.75p).

Tax emerged as a credit of £1.19m (£1.43m charge)—after the release of £2.4m from deferred tax—thus lifting the attributable profit to £4.77m (£2.02m).

The earnings per share are stated at 43.28p (18.33p) and at 21.53p without the deferred tax stock relief release.

Sumner plans de-merger of non-textiles

Francis Sumner (Holdings), the Staffordshire textile, plastics and engineering group, plunged into loss in the second half of 1980, and the directors have recommended passing the final dividend.

They are also proposing to de-merge the non-textile businesses by way of a distribution to shareholders of shares in a new company, Hartons Group, and to pay a special 0.5p dividend on the new Hartons shares.

The de-merger is conditional on the Hartons shares being accepted for trading on the Stock Exchange's Unlisted Securities Market.

Sumner recorded a pre-tax loss of £132,000 in the second half, resulting in pre-tax profits for the year of only £97,000 compared with £359,000. Turnover was £15.1m (£16.2m). Tax absorbed £61,000 (£505,000) and extraordinary charges amounted to £153,000 (£47,000), leaving an attributable loss for the year of £94,000 compared to a profit of £455,000. Earnings per share before extraordinary items are stated at 0.22p (1.88p).

On a current cost basis, the pre-tax loss was £467,000 compared to a loss of £375,000.

The directors state that trading conditions deteriorated as the year wore on for all operating companies and this could not be offset sufficiently by planned cutbacks in expenditure. However, the group did start to benefit from the rationalisation and reorganisation programme of the past two years and the directors believe that each division has now been placed in a sounder position to take advantage of any upturn in the economy.

Current trading conditions for the textile and clothing subsidiaries continue to be difficult. Indications of an improvement in order books in recent weeks may lead to better results in the second half. The degree to which the recession continues will have a significant bearing on the non-textile group.

For some time, it has been apparent to the directors that the overall development of the group is being affected by the combination of its textile and non-textile interests. They have therefore concluded that it would be to the benefit of both shareholders and employees to separate the two and thereby provide each group with a stronger basis for developing and expanding its own sphere of activity.

Subject to the necessary Inland Revenue clearances being received, the company intends to propose that Hartons Group, incorporating Hartons Estates, Sumner Products and Visijar Plastics, be formed with an authorised share capital of £1.5m, consisting of 30m ordinary 5p shares. Approximately 10.7m shares will be allocated to shareholders on the basis of two Hartons shares for every five Francis Sumner held.

Net tangible assets attributable to the proposed Hartons Group at December 31, 1980, were £3.4m and its contribution to pre-tax profit would have been £111,000 compared with £492,000 in 1979.

Net tangible assets left to Francis Sumner, which will hold the textile and clothing interests, were £2.8m and its 1980 pre-tax loss was £14,000 compared with a loss of £133,000 in 1979.

Subject to the de-merger becoming effective Hartons will pay a special dividend of 0.5p per share and, in respect of the current year, an interim dividend of 0.25p a share.

It is also intended that Hartons will raise approximately £¼m by way of an underwritten rights issue of one new 5p share at par for each ordinary share allocated as a result of the de-merger. The new shares will not rank for the special dividend or the proposed interim dividend.

The trading policies of each subsidiary and the rights of all employees will not be affected by the de-merger. The board of Francis Sumner will not change and the board of Hartons will include, as at present, Mr. M. Maimann, chairman and Mr. C. P. Astin, managing director.

Underwriting arrangements are still being negotiated but the directors will participate in the underwriting. Brokers are Laing and Cruickshank.

It is hoped that a circular containing full details of the proposed demerger will be sent out before the AGM on June 11.

● comment

Francis Sumner has had another difficult year. Even the Perspex distribution business, the sole bright spot in 1979, has suffered. At 9½p, down ½p yesterday, the market capitalisation is £2.5m little more than one third of stated net tangible assets. Even though no cash alternative to the Hartons Group shares is being offered, Sumner shareholders should approve the demerger if only as a way of getting the 0.75p in proposed dividends. (Sumner's reserves were inadequate to support a final payment.) The group hopes the demerger will help the shares of the two more clearly defined companies attract better stock market ratings but that seems a long way away. The near term outlook for both companies seems highly speculative.

Sandhurst Marketing lower at year-end

DESPITE a fall in 1980 pre-tax profits from £507,000 to £350,000 Sandhurst Marketing is effectively raising its total dividend from 1.755p to 1.9305p net with a final of 1.287p, compared with an adjusted 1.17p.

Turnover of the group, which supplies stationery and allied products and manufactures chemical products, was marginally higher at £6.82m (£6m). Mid-year taxable profits were little changed at £246,000 (£220,000).

For the current year the chairman says he is confident that given the so-called recovery the country is promised, it will be a good one as the first two months appear to be quite promising.

After a higher tax charge for the year of £56,000 (£22,000) stated earnings per 10p share were down from 9.74p to 6.03p.

At the attributable level profits emerged at £424,000 (£427,000) after an extraordinary credit of £124,000 (£58,000 debit).

The pre-tax profit of recently-acquired F. Smith excluding the Peter Marriot furniture division (for which special provisions apply within the acquisition agreement) was £200,000. Of this sum £183,000 was as to prior acquisition trading and £17,000 as to post acquisition trading.

● comment

Sandhurst warns each year that its final quarter is crucial to the annual outcome and 1980-81 was no exception. Against earlier hopes of around £650,000 pre-tax for the year as a whole, the group barely broke even in the last three months to leave profits almost 30 per cent down. Given that the leather goods business turned round by £70,000 to a £30,000 loss, the contribution from Spectra fell by £200,000 and interest charges more than doubled to £230,000, the principal stationery activities have clearly progressed well. Spectra's car care volume is now said to be improving but the acquisition from the middle of last February of the Smith office equipment agencies in the South East clearly takes the profit potential, and debt, on to a new plane. Sandhurst is thinking along the lines of perhaps £500,000 from the new acquisition in a full year, before related interest charges of around £240,000. With no further growth from the original divisions, that puts annual profits of £650,000, maybe £700,000, back into the frame once more. The fully taxed p/e on this basis would be 9.6 at 56p, down 3p yesterday, while the historic yield on an amply covered distribution is just over 5 per cent.

FRENCH KIER

Trafalgar House's holding of ordinary shares in French Kier Holdings is 7,125,000 shares (14.99 per cent) and not 7,100,000 shares as previously announced.

Selec TV plans to raise £1m

Selec TV, a new company with licences to operate subscription television services through existing cable TV systems, is planning to raise about £1m from the public and is hoping that its shares will be traded on the Unlisted Securities Market.

Brokers Margetts and Addenbrooke, East, Newton are arranging the financing. Mr. Mark Shelmerdine, chairman of London Film Productions, is chairman of Selec TV.

The company is likely to follow the pattern of U.S. companies that offer customers three films a night for a fee of about £8 a month. Selec TV licences are for Milton Keynes, Northampton and Tredegar, Wales.

£6.5m issue by Newcastle Water Company

Newcastle and Gateshead Water Company is offering £6.5m of redeemable preference stock by tender.

The stock carries a coupon of 7¾ per cent and a minimum price of £99 per cent, producing a gross redemption yield of 11.33 per cent. The running yield at £99 is 11.8 per cent or 16.31 per cent for those able to take advantage of franked investment income.

The stock is redeemable at par on June 30, 1986. It is denominated in amounts of £100 and applications, accompanied by a £10 deposit per £100 nominal, must be received before 11 am on May 14.

The first dividend, amounting to £4.605 per cent, will be payable on January 2, 1982 and thereafter dividends will be payable half-yearly on July 1 and January 2.

Brokers to the issue are Seymour Pierce and Co.

● comment

Because of the market's lack of enthusiasm for premium-priced water issues, the Newcastle and Gateshead issue carries a 7¾ coupon compared to the 8 per cent coupon on recent issues. The yields basis, however, is virtually unchanged so the response to this rather large issue should be strong. Tenders of £102 may be needed to attract full allotments.

CROWN HOUSE

The interest of Crown House and its subsidiaries in Denbyware now amounts to 4.04m shares, a 94 per cent holding. The interest previously notified was 3.87m shares, or 90.04 per cent.

United Eng. headway

PRE-TAX profits of United Engineering Industries, an investment holding company, improved from £2.31m to £3.21m in the year to January 31, 1981. Turnover rose substantially from £13.38m to £21.12m. The final dividend is raised from 2.3p to 2.75p for a total of 4.3p compared with 3.65p. A one-for-five scrip issue is proposed.

The year-end tax charge was up from £637,000 to £847,000, and stated earnings per 10p share advanced from 10.p to 2.5p. Pre-tax profits on a CCA basis were £2.69m (£.8m).

Improvement indicated—GKN

GUEST KEEN AND NETTLEFOLDS, which last year reduced its labour force by 12,400, does not intend to make any significant redundancies this year, and foresees improved profitability, given the slightly better trading conditions, according to its chairman, Mr. Trevor Holdsworth.

He told the annual meeting in Birmingham that January and February were "very poor months, a continuance of the pattern which characterised the latter half of 1980.

"However, in March and April we saw some indications that demand is no longer falling and that the de-stocking cycle is coming to an end."

This could in no way be interpreted as the beginning of an upturn, he said, and the best that could be expected was a period during which demand continued at the present low level. "There is little indication yet of an early improvement, and short-time working continues in a number of operations," he added.

"However, by contrast with the declining situation in 1980, the present stabilisation offers the opportunity to achieve improving profitability from the costly actions we have had to take in 1980.

"Our overseas operations in Europe, North America, India and South Africa, which now represent a very significant proportion of our activities, continue to be either satisfactorily profitable or proceeding in accordance with planned development."

Last year, GKN, Britain's largest engineering group, made a pre-tax loss of £1.2m, compared with a profit of £125.8m the previous year. It cut the final dividend from 13.5545p to 4p, for a total of 8p (19.3937p).

Moss Eng. lower

Despite a £2.15m jump in sales to £9.07m, pre-tax profits of the Moss Engineering Group fell to £253,127 in the half year to February 28, 1981, compared with £314,426.

The surplus was struck after depreciation of £122,245 (£86,021) and interest charges of £406,581 (£188,191).

Mr. E. Cars, the chairman, says the group's second half performance will depend on its success in reducing the level of debtors and the effect of this on interest charges.

The interim dividend is held at 2.1p net—last year's total was 5.95p.

Richards in loss

With turnover down by £1.16m to £5.07m Richards, textile manufacturer, plunged to a taxable loss of £81,000 in the six months to end-March 1981, compared with a profit of £170,000.

Although the directors warn the company is unlikely to fare any better in the second half they are maintaining the interim dividend at 0.3p net and hope to repeat last year's total of 1.45p.

Norman Hay down

A fall from £491,000 to £251,000 in pre-tax profits is reported by Norman Hay, electro-plating engineer, for 1980. Although the final dividend is unchanged at 1.85p, the net total is cut from 3.35p to 3.1p. Turnover was also lower at £4.13m compared with £4.42m.

There was an extraordinary credit of £1.97m (nil), being the surplus on revaluation of freehold land and buildings. After tax down from £223,000 to £111,000, stated earnings per 10p share was 3.5p (6.7p). On a CCA basis, pre-tax profit was £148,000.

J. O. Walker dives

A dive into losses in the second half left J. O. Walker and Co., timber importer, with a greatly reduced pre-tax profit of £19,998 for 1980, compared with £374,049 previously. First-half profit had dropped from £220,000 to £101,000.

The year's net dividend is being cut 50 per cent to 3p (6p) per 25p share, with a final of 1p.

Turnover improved from £7.61m to £7.93m and there was a tax credit of £614,473 (£50,231 charge).

Wellco slides midway

DESPITE A drop from £336,000 to £85,000 in pre-tax profits in the half-year to December 31, 1980, the board of Wellco Holdings is maintaining the net interim dividend of 0.4p. Turnover was £74,000 lower at £5.61m, and interest charges jumped from £33,000 to £147,000.

Stated earnings per 5p share are down from 1.24p to 0.71p. No tax was payable (£175,000).

The board says that although full-time profits will be lower than last year, the electrical group is in a strong position to take advantage of an upturn in trade.

DIVIDENDS ANNOUNCED

	Current payment	Date at payment	Corresponding div.	Total for year	Total last year
Aberdeen Constr.	4.12	July 2	3.65	6.42	5.75
Allied Plant	1.05	July 1	0.88	1.89	1.58
British Inv. Tst.	4.85	July 3	4	8.85	7.85‡
Matthew Brown ...int.	1.35	August 4	1.25	—	5.69
Camrex (Holdings)	Nil	—	2.38	Nil	4.02
Canadian & Foreign Inv.	3.65	July 1	3.35	5.6	5.1
Guardian Inv.	3.2	July 3	3	4.7	4.6
Norman Hay	1.85	July 15	1.85	3.1	3.35
Highcroft Inv. Tst.	1.5	—	1.25	2.5	2.25
Maxim's	6.5	—	6	6.5	6
Moss Engineering ...int.	2.1	—	2.1	—	5.95
Richards ...int.	0.3	June 2	0.3	—	1.45
Royal Bank Scot. ...int.	2.4	July 1	2.2	—	4.9
Sandhurst Marketing	1.29	—	1.17*	1.93	1.76*
Scot. Europ. Inv. 2nd int.	1.25	June 22	1.25	1.65	1.65
UDS	3.61	—	3.61	6.21	6.21
United Engrg. Inds.	2.75	July 10	2.3	4.3	3.65
J. O. Walker	1	—	3	3	6
Wellco Hldgs. ...int.	0.4	July 6	0.4	—	1
Wemyss Inv. ...int.	7	July 3	7	—	19
Yorklyde	10.5	July 1	13.5	15	15

Dividends shown pence per share net except where otherwise stated
*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes special 0.85p.

SPAIN

May 7	Price %	+ or −
Banco Bilbao	306	..
Banco Central	355	
Banco Exterior	262	+2
Banco Hispano	290	+4
Banco Ind. Cat.	124	
Banco Santander	335	
Banco Urquijo	186	
Banco Vizcaya	324	
Banco Zaragoza	216	
Dragados	150	+3
Espanola Zinc	75	
Fecsa	65	+1
Gal. Preciados	34	+1.5
Hidrola	67.7	
Iberduero	56.2	−0.8
Petroleos	106	
Petroliber	90	
Sogefisa	81	
Telefonica	61.7	+0.2
Union Elect.	68	+1.5

CORAL INDEX
Close 564-569 (−6)

1980-81 High	Low	Company	Last price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
76	39	Airsprung	72	—	4.7	6.5	11.4	15.8
52	21	Armitage and Rhodes	51	—	1.4	2.7	21.0	46.6
196	82½	Bardon Hill	196	—	9.7	4.9	7.4	12.6
101	88	Deborah Services	101	—	5.5	5.4	5.0	9.5
126	86	Frank Horsell	103	—	8.4	8.2	3.2	5.9
110	39	Frederick Parker	55	—	1.7	3.1	23.9	—
110	64	George Blair	64	—	3.1	4.8	—	—
110	59	Jackson Group	103	—	6.9	6.7	3.9	8.0
124	103	James Burrough	118	—	7.9	6.7	9.7	9.7
334	244	Robert Jenkins	318	—	31.3	9.8	—	—
55	50	Scruttons "A"	53	—	5.3	10.0	3.9	3.8
224	205	Torday	205	—	15.1	7.4	3.5	7.2
23	6	Twinlock Ord	11½	—	—	—	—	—
90	69	Twinlock 15% ULS	66xd	—	15.0	22.7	—	—
56	35	Unilock Holdings	44	—	3.0	6.8	6.8	10.7
103	81	Walter Alexander	100	—	5.7	5.7	5.5	8.8
263	181	W. S. Yeates	255	—	13.1	5.1	4.8	9.5

UK COMPANY NEWS

Smith St. Aubyn rises to £3.22m

PROFITS OF Smith St. Aubyn and Company (Holdings) for the year to April 5, 1981, advanced sharply from £1.1m to £3.22m. The surplus was after tax, rebate and a transfer to contingencies reserve.

The balance carried forward was higher at £4.93m, compared with £2.98m.

A final dividend of 6p (4.5p) raises the total on the 25p shares from 8p to 10.5p net.

The company operates as a discount broker and banker.

UDS slumps to £12m but holds payment

THE DIRECTORS of the UDS Group report that trading conditions during the year to January 31, 1981, were exceptionally difficult. Sales were hard to achieve and the group's results were also adversely affected by the terminal losses of its mail order subsidiary, they say.

Group profit before tax was halved at £12.05m (£24.12m) with sales only marginally up at £448.69m (£445.02m).

At halfway the directors warned of lower profit for the year. Pre-tax profit then stood at £2.05m (£10.04m) and turnover totalled £206.34m (£195.64m).

Looking to the current year they say that during the first quarter — after adjustment for discontinued activities — sales showed a small percentage increase while operating profits continued under pressure. However, savings in interest charges and the elimination of mail order losses operated in the group's favour and "we are looking for a measure of profits recovery in the current year."

A maintained final dividend of 3.61p per 25p share makes a same again total for the year of 6.21p.

During the year the directors were concerned to strengthen the group's financial and operational base. They eliminated certain unprofitable activities and reduced total borrowings by £25.9m.

Full provision has been made in the accounts for the withdrawal from agency mail order and this is reflected in the exceptionally high charge for extraordinary items of £19.05m (£17.47m credit).

Mail order subsidiary, John Myers's agency list and the current agency debt as at January 5, 1981, were sold to a larger mail order group, while slow paying debts were passed for collection to UDS's own credit businesses. The trading losses of John Myers were £5.47m (£893,000) and there were extraordinary write offs of £18.09m (nil).

Allders Department Stores recovered most of their first-half drop in profits to show only a small decrease for the full year.

Sales of clothing were more seriously affected by the recession than any other product groups. Richard Shops' performance suffered accordingly and its profits were severely depressed.

Profit before tax was struck after depreciation of £6.59m (£5.63m) and interest charges of £6.1m (£7.08m). Associated companies contributed £742,000 (£1.19m) and tax took £2.72m (£5.57m). The amount attributable emerged at a loss of £9.72m (£17.47m profit) after the extraordinary debit of £19.05m.

The earnings per share are stated at 4.9p (10.4p) and the pre-tax profit was reduced to £61,000 on a current cost basis.

A divisional breakdown of turnover and profit shows: multiple shops £154.95m (£156.14m) and £3.2m (£10.99m); department stores £126.59m (£116.4m) and £7.5m (£7.76m); home shopping £93.85m (£113.75m) and £3.07m loss (£3.51 profit); export and overseas £73.01m (£58.75m) and £2.95m (£2.65m). Property and investment gave a profit of £6.84m (£5.1m).

See Lex, Back Page

Sheffield Twist in loss

SHEFFIELD TWIST IN LOSS FOR 1980 Sheffield Twist Drill and Steel Co., the wholly owned subsidiary of SKF Investments, dived from a £1.64m pre-tax profit to an £84,000 loss. Sales of this engineers' cutting tools and machine tools maker improved from £27.7m to £28.3m.

Stated loss per 20p share was 3.5p (earnings 6.3p), after tax of £598,000 (£352,000) and the dividend is being passed. Last time 2.222p was paid.

The company says that the level of investment in modern capacity is being maintained and prospects for the future are regarded as encouraging.

London & Provincial raises interim payout

Taxable profits of London and Provincial Shop Centres (Holdings), the property development and investment group, marginally increased from £234,000 to £248,000 for the half year to December 25, 1980.

The group is raising the interim dividend 20 per cent to 0.6p, against 0.5p last time, and, subject to unforeseen circumstances, it proposes to increase the final payment by a similar amount. This indicates a final dividend of 1.8p, making a net total of 2.4p.

In the previous year, the net total dividend was 2p and the company reported profits of £488,000.

The directors estimate the profits for the year to June 24, 1981 will be about £560,000 and they say the profits the following year will benefit from the recent fall in interest rates, if sustained.

The pre-tax surplus was struck after increased interest charges of £1.02m (£697,000). Tax took £129,000 (£122,000) and stated earnings per 10p share emerged up at 1.1p (1.03p).

Midland Marts tops forecast with £520,000

Midland Marts Group, the livestock auctioneer whose shares were floated in the USM last November, reports an advance in pre-tax profits from £505,000 to £520,000 for the year to January 30, 1981.

At the time of the offer for sale, a profit of not less than last year's was forecast. The directors now say the result shows satisfactory progress and is particularly pleasing in the current difficult economic and trading conditions.

As projected, a dividend of 2.5p net is recommended. Had the company's shares traded throughout the year, the directors would have expected the payment to have been 3.75p.

Turnover for the 12 months rose to £1.72m (£1.56m). There was a share of associated losses this time of £6,000. Tax took £267,000 (£270,000), while extraordinary credits totalled £2,000 (£14,000). The dividend cost £81,000 and £174,000 (£249,000) was retained.

Bellway's halftime fall

TAXABLE profits of Bellway, the Newcastle-upon-Tyne housebuilding group, plunged from £1.84m to £217,000 for the half-year to the end of January, 1981. Turnover slumped from £13.07m to £9.65m.

The group, however, is maintaining the interim dividend at 3p. In the previous full year the company paid a net total of 7p.

The directors say the results reflect a difficult half-year, but they report that in the New Year there was an increase in sales and a resumption of normal working.

They say the company is adopting an active policy of selective purchasing of customers' existing houses and becoming increasingly involved in the acquisition and restoration of older properties.

In Australia considerable progress has been made in servicing the first phase of the company's land and some benefits will be reflected in the annual accounts. But in view of current conditions an appreciable part may fall in the following financial year.

The pre-tax surplus was struck after interest charges of £731,000 (£270,000). Tax took £63,000 (£196,000) and after an extraordinary debit of £97,000 (nil), the profit attributable to shareholders was £56,000, against £1.84m last time.

WINDING-UP

Sicilian Marble was compulsorily wound up by Mr. Justice Dillon in the High Court on Tuesday.

Utd. Biscuits on target in first quarter

First-quarter results of United Biscuits (Holdings) were in line with budget and "very significantly" in excess of those for the first three months of 1980, Sir Hector Laing, chairman, told shareholders at the annual meeting.

He added that the outlook for the half year was excellent and said he expected the full year's results to be very satisfactory.

Chesterfield Properties profit up and lifts final

AN INCREASE from £1.53m to £1.61m in attributable profits is reported by Chesterfield Properties for the year to end-December, 1980. Turnover was up from £4.66m to £5.55m, with property investment contributing £4.9m compared with £4.03m.

Income, before charging interest, from completed properties and other activities of the group amounted to £4.18m (£3.62m). Interest charges were up from £782,000 to £887,000, leaving pre-tax profits higher at £3.32m (£2.86m), which includes associates' share of £28,000 (£25,000). The interest charge excludes development outgoings of £2.01m (£963,000 net of tax relief).

After tax up from £1.32m to £1.7m, stated earnings per 25p share are 8.22p against 7.77p. The final dividend is raised from 3p to 3.5p for an increased total of 6p net compared with 5p. Dividends absorb £1.18m (£982,000), resulting in retained profits increasing by £435,000 (£545,000).

The board says there were no significant outright property disposals during the year, but shareholders' funds rose from £69.64m to £78.81m, mainly as a result of the independent valuation of the group's interests in the three developments completed during the year.

American Oil Field successes

Profits before tax of American Oil Field Systems, the oil drilling group which was launched on the Stock Exchange in October 1980, were £244,193 for the half year to the end of March 1981.

No interim dividend will be paid but the board expects to pay a final. After tax of £127,015 stated earnings per share emerged at 1.17p.

Dr. Norman White, chairman, says the half year results should not be regarded as indicative of full year total.

The income of £280,703 so far received consists entirely of interest and it is expected to drop substantially in the second half as funds are invested in drilling programmes.

Dr. White says that all 20 of the development wells so far drilled have been successful, as have 14 of the 23 exploratory wells so far drilled.

Shares of American Oil Field Systems are listed under Stock Exchange rule 163(3).

STEWART NAIRN

Mr. N. Ostrom and Mr. C. Waldron have each sold 400,000 level shares at 7p. The purchasers of the 1.2m shares (12.98 per cent) are Bargold Investments and their associates.

John Plumer over £1.5m

John Plumer and Partners, the Lloyd's insurance broker, has reported total income of over £1.5m for its first financial trading period ending April 30 1981, on premium volume of over £20m.

The company, which transacts both UK and international insurance business, began trading on November 1 1979 and became a Lloyd's broker in February 1980.

It has acquired a number of major clients, including John Mowlem and Company.

Plumer has been involved in the placing of reinsurances of the FFr 862m extension to the Marseilles Metro, the $1.5bn project for the reinsurance of the Riyadh water transmission system and the European air-bus A300s delivered to Laker airways.

Trident Life advances

ANOTHER YEAR of excellent new life business growth is reported by Trident Life Assurance Company, a member of the U.S. General Reinsurance Group.

In the 12 months to March 31, 1981, there was a 68 per cent rise in investment bond sales and an 18 per cent increase in new annual premiums, while individual pension business doubled. Total premium income improved by one-third to £48m and policyholders' funds advanced by nearly 50 per cent to £122m.

A good year was also reported by the Sentinel Insurance Company which for the same period recorded a 24 per cent jump in annual premiums from £517,000 to £640,000 and a 47 per cent rise in single premiums from £1.1m to £1.6m.

Mr. Paul Burt, the managing director, said that this progress vindicated the company's decision to broaden the base of its contracts beyond the emphasis previously placed on house purchase business.

CONSORTIUM BUYS DCM REMNANT

The consortium which recently backed the management of Hornby Hobbies in buying out the company from the receiver has reached agreement with the receiver to purchase Hammant and Morgan, the last part of the Dunbee-Combex-Marx group which collapsed with debts of over £18m in February, 1980.

Hammant employs 60 people at Watford in the manufacture of control systems. It has an annual turnover of £1m.

The purchase of Hornby Hobbies from the receiver was backed by a consortium of City institutions led by Guidehouse, a financial advisory group and issuing house.

BIDS AND DEALS

Rosehaugh buys remainder of Sunbourne

Rosehaugh Company has contracted to purchase the remaining 50 per cent of its associated investment company Sunbourne Properties for a consideration of £1.4m.

The consideration will be satisfied by means of a vendor placing of 492,835 new ordinary shares in Rosehaugh.

Burnett buys U.S. coal group

Burnett and Hallamshire Holdings, the mining, construction and fuel oils group, has acquired the **Reimer** group of companies from PBS Coal Company of the U.S. for $6.15m (£2.9m). Up to $2.2m of this sum may be deferred.

The acquisition follows the announcement in March that Burnett had exercised an option to buy mineral rights and properties at Gahagen, Somerset County, Pennsylvania.

U.S. BANK BUYS AHL SUBSIDIARY

Philadelphia National Bank of the U.S. has acquired a 50 per cent interest in Arbuthnot Export Services (AES), formerly a wholly-owned subsidiary of **Arbuthnot Latham Holdings**.

The bank has been a shareholder in Holdings since 1965. The issued share capital of AES has been increased from £600,000 to £750,000. It is intended to expand the company's operations in the North American market and an office has been opened in New York.

To facilitate compliance with U.S. Government regulations, a PNB nominee has acquired two additional shares so that technically AES now ceases to be a subsidiary of ALH and becomes a subsidiary of the bank.

Bowater's bid for Escor is blocked

BY OUR SYDNEY CORRESPONDENT

THE Australian Government has blocked **Bowater Corporation's** £8.5m bid for the outstanding 54 per cent stake in Escor, the Melbourne based affiliate with commercial and industrial interests.

The Foreign Investment Review Board said it could only approve the bid if it could be satisfied that the benefits to Australia outweighed the loss of local ownership.

The Government said that Escor "has substantial involvement in transport and construction equipment, engineering products, paper and textiles. Escor is a diversified company and the main benefit claimed for the proposal related to the progressive rationalisation of the company's activities, consequential gains in efficiency and the position of Australian holders."

The Government said it "is not satisfied that the rationalisation of the company's activities cannot be achieved without loss of Australian ownership."

In reaching its decision "the Government took careful account of whether Australian shareholders should be allowed to decide if they wish to accept the Bowater offer or retain their interest in the company.

"The Government also took account of the offer by Bowater to re-admit 25 per cent equity to Escor in the future.

"However, the Government concluded that the potential national benefits which might result from the acquisition would not be sufficient to offset the substantial loss of Australian ownership and that approval was not warranted."

The decision to block Bowater Australia's bid plan continues the Treasury's tough line on what might be termed "unnecessary increases in foreign ownership."

It recently froze proposals by the British owned Shell group to take a stake in two CSR coal projects, Theodore and Callide, apparently on the grounds that CSR was quite capable of developing the projects without overseas equity.

In March Bowater announced its offer of A$1.60 per share for the 53.7 per cent of the capital of Escor it did not already own. The offer valued the interest at $16.2m and the group at $30m.

Escor is recovering from a strong of losses in the mid-1970s. In its last financial year the group, which includes Bowater's Australian paper merchanting operations, it made pre-tax profits of £2m on sales of £90m.

Immediately prior to the offer the company's shares were selling at $1.30, their highest level since 1975. Last year the highest price was $1.

The offer price compares with a net asset backing of $2.08. Bowater has pumped considerable sums into Escor principally in the form of unsecured loans of $10.5m at December 31 last.

Thos. Ward presses bid for Tunnel

Thos. W. Ward yesterday repeated its arguments in favour of its bid for Tunnel Holdings, now extended to May 14 after the failure to gain enough acceptances by the first closing date.

Referring to what it called "this defeatist attitude of Tunnel's regarding cement," Ward claimed that its own positive view on increased cement sales would be good for morale inside Tunnel.

"Contraction has been their answer," said Mr. Peter Frost, Ward's chairman, "and even then they seem to find difficulty in selling their reduced productive capacity."

Ward's bid is worth around £75m for the 70 per cent of Tunnel's voting rights which it does not already own. Acceptances for its bid were tiny.

Mr. Frost argued strongly in a letter to Tunnel shareholders against Tunnel's interpretation of Ward's strategy for the south-east. Ward wants to make additional cement sales from Tunnel's Pitstone works in Buckinghamshire into London and the south-east.

"Tunnel's mistake was to assume that those sales would principally be in Kent and Sussex." Ward said the extra sales would be elsewhere in the south-east, nearer Pitstone.

There were eight other countries in the south-east alone which were fully or partly within economic selling distance from Pitstone as well as markets outside the region, Ward added.

THF/SAVOY HOTEL

The formal offer in respect of Trusthouse Forte's revised £67.2m offer for the Savoy Hotel group is to be posted to shareholders early next week.

The Savoy directors have already rejected the offer as "inadequate and unacceptable."

Mr. Donal Durban, a director of THF, said yesterday that since the offer was announced last Friday the group has picked up a few "A" and "B" shares in the market. But with the share price frequently above the bid price it had not been possible to purchase more, he said.

With its latest purchases THF now has access to just over 32.5 per cent of the Savoy votes.

MIDLAND STAKE IN TIMESHARE

Midland Bank Industrial Finance, a division of Midland Bank, has taken a stake of around 25 per cent in Timeshare Index, a UK company engaged in the marketing of time-sharing arrangements for holidays and property investment.

Midland did not disclose what it paid for the stake, which is part of a major re-financing operation at the company initiated by Mr. James Vogel, the new chairman, and L. Messel and Co., the stockbrokers. Mr. Ian Taylor if Midland Bank has joined the Timeshare Board as a non-executive director.

Grand Met has over 90% of Warner ord.

Acceptances of Grand Metropolitan's offer for Warner Holidays have been received in respect of the equivalent of 4,330,624 ordinary shares, representing 90.2 per cent of that class and 91.2 per cent of the shares for which the offer was made. Grand Met acquired 50,000 (1 per cent) Warner ordinary shares during the offer period.

Acceptances of the "A" ordinary offers have been received to the equivalent of 2,928,995 "A" ordinary shares (83.4 per cent of that class and of the shares for which the offer was made).

The offers have been extended until May 13.

U.S. LINK FOR COCOA MERCHANTS

Derby and Company, part of the giant U.S. Engelhard Minerals and Chemicals group, is hoping to link up with **Cocoa Merchants**, a privately owned company and one of London's leading commodity dealers. Both companies refuse to comment, but there are unconfirmed reports that as much as $40m is involved.

Derby, basically a metal merchanting group, is directly owned by Philipp Brothers, the Engelhard offshoot that in recent years has expanded its metal merchanting activities into a series of other commodities. It is now a powerful international competitor in many commodity markets, but has not so far been much involved in cocoa.

Cocoa Merchants has established a reputation as an aggressive, if low profile, operator in its sector. But it has big rivals in companies like Gil land Duffus and S. and W. Berisford in the limited cocoa market and could well benefit from expansion into other areas with the backing of Philipp Brothers.

TRICENTROL

SHAREHOLDERS in **Tricentrol**, the UK oil independent, yesterday voted overwhelmingly in favour of the group's plan to hive off its commercial division from its energy interests, giving shareholders a stake in each company.

Mr. James Longcroft, chairman, the demerger would cost around £800,000. Shareholders who did not wish to take up shares in the newly hived off company could opt for cash. It is anticipated the distribution will be fully underwritten by City institutions.

A prospectus is currently being prepared by Tricentrol and its advisers, Morgan Grenfell, the merchant bank, and brokers De Zoete and Bevan.

It is expected to be complete by late June and a listing on the Stock Exchange obtained the following month. Mr. Langcroft will remain chairman of both companies.

HAWLEY

The **Hawley Leisure** offer for **Provincial** has become unconditional.

Acceptances have been received in respect of 24.98m shares (76.61 per cent). The offers extended to May 29, but will not be extended thereafter or revised.

STURLA HOLDINGS/ FIRST GUERNSEY

Acceptances of the **Sturla Holdings** offer for **First Guernsey Securities Trust** have been accepted in respect of 430,638 shares, equivalent to an 86.13 per cent holding. The offer remains open until May 21 but cash offers are no longer available.

HAT GROUP BUYS LEADA FOR £2.9M

HAT Group has acquired Leada, which hires and sells non-mechanical contractors plant from depots at Colnbrook and Edgware.

The price of £2.9m was met by the issue of 350,000 HAT shares. The balance was paid in cash (except for £50,000 retained for 12 months) on May 1, 1981. The net value of the assets acquired, which comprise freehold property, other fixed assets, stock and debtors is about £2.1m.

The net pre-tax profit for the last accounting year ended December 31, 1980, was £515,000. The vendors have warranted profits of £583,333 for the 14 months to February 28, 1982. Leada is a private company.

BURMAH SEALS TWO PURCHASES

Burmah Oil has completed the acquisition of Bray Oil Company and Bray Processing Company for US$8.3m. The major part has been paid and the balance will be paid over three years.

Both were family-owned businesses, founded in 1939 by the late Dr. Ulric B. Bray and based in California. They manufacture specialised and synthetic lubricants and allied products and feedstocks.

Westward TV backs revised TSW offer

By Arthur Sandles

THE BOARD of Westward Television has agreed to recommend acceptance of the £2.38m bid from Television South West—sweetened by an interim dividend payment.

Under the terms of the deal Westward A and B shareholders will receive a net interim dividend of 1.05p plus the 30p cash offer. Holders of C shares will receive 24p plus the interim payment.

When the Independent Broadcasting Authority rejected the renewal of Westward's franchise for the next period of ITV contracts running from January 1 next year, Westward was faced with a piecemeal sale of its assets or negotiating for complete takeover by its replacement, TSW.

Westward's board appears to have decided that under present economic circumstances the risks involved in a piecemeal sale were not worth it.

The major shareholders in TSW are Phicom, British and Commonwealth Shipping, Britannia Arrow, ICFC, London Life, Imperial Group Pension Fund, the JT Group and Dartington Trust.

Westward said last night that its board "considers that, since considerable uncertainty attaches to the result of a liquidation of the company which would be the likely alternative to the TSW offer, it is in shareholders' best interests to accept the offers on the revised basis.

"Furthermore, the board believes that the offres will end the period of uncertainty for staff and be advantageous to their interest, together with those of the community which the company serves."

The statement came via Hambros Bank, which itself holds 20 per cent of the Westward voting stock, the slice once held by the former chairman, Mr. Peter Cadbury.

There is no doubt that the deal gets several people off various hooks. TSW no longer has to build a new set of television studios in less than seven months; neither company will be involved in redundancy payments; the thorny issue of the Westward pension fund has been effectively settled; one of the more worrying of the Independent Broadcasting Authority's loose ends has been tied; and Hambros will be able to shed the 20 per cent of Westward voting stock it did not want in the first place.

If matter's go smoothly an agreed offer document will go out within ten days and TSW management will move into Westward by mid-June.

The TSW bid for Westward was prepared with some speed by N. M. Rothschild after a disagreement between TSW and its former advisors Gresham Trust, which reportedly wanted an agreed bid from the start. Gresham Trust also withdrew from the financing consortium behind TSW.

MINING NEWS

Ghana diamond mine may close

BY GEORGE MILLING-STANLEY

GHANA'S ONLY producing diamond mine is facing severe financial difficulties, and may be forced to colse before its reserves are exhausted.

The Akwatia mine, 65 miles from the Ghanaian capital Accra, is operated by Ghana Consolidated **Diamonds** (GCD). The Ghanaian Government owns 55 per cent of GCD, with the remaining 45 per cent held by **Consolidated African Selection Trust**, a subsidiary of **Selection Trust** of the UK which is in turn owned by **British Petroleum**.

BP said yesterday that the mine is only being kept afloat by an emergency loan of 25m Cedi (£4m), which was arranged last week and is guaranteed by the Government.

Mr. Yeboah Acheampong, Ghan's Minister for Lands and Natural Resources, said that the Government is considering closure as Akwatia is no longer making a profit. The mine produced about 1m carats of diamonds last year, compared with a peak of 2.4m carats in the mid-1970s.

Akwatia has been in operation since 1924, and with reserves expected to run out in 1983 or 1984, there would seem to be little chance of raising output.

Mr. Harry Parker, GCD's managing director, said the company was marginally profitable until the 1979/80 financial year, but now needs more state aid or a major devaluation of the cedi if it is to survive. The operation is being squeezed by rising costs and falling prices on the world's diamond markets.

Akwatia is cutting its staff of 2,100 by about a quarter in an attempt to contain the increase in costs.

GCD has been short of skilled labour for some time, and Mr. Parker pointed out that the lack of trained maintenance staff recently forced the company to reduce the working week from six days to five.

TCL boosts interim dividend

SOUTH AFRICA'S **Transvaal Consolidated Land and Exploration**, the mining and investment arm of the **Barlow Rand** group, is to boost its interim dividend by 10 cents to 75 cents a share, after a 3.4 per cent rise in first-half net profits to R26.4m (£15m).

Earnings came out at 361 cents a share, up from 349 cents last time.

The company said it was difficult to forecast earnings for the full year to September 30, but it expects to be able at least to maintain last year's final dividend of 150 cents, making the year's total 225 cents.

First-half profits were adversely affected by the difficult trading conditions for base minerals, brought about by the worldwide recession and the strength of the rand against the U.S. dollar.

Profits from TCL's coal interests continue to improve, but the current weakness in the gold price could result in lower dividends in the second half from the investments in gold mining companies.

The shares lost £½ to £24¼ in London yesterday, for a two-day fall of £1.

Australia allows CRA offer for Hamersley

THE AUSTRALIAN Foreign Investment Review Board has approved the A$200m (£107m) bid by **CRA**, the **Rio Tinto-Zinc** group's Australian arm, to buy out the 18 per cent minority in its iron-ore producing subsidiary **Hamersley Holdings**.

Our Sydney correspondent reports that the takeover was allowed on the grounds that it "will rationalise CRA activities and is considered to result in net economic benefits," according to the Government's statement.

Under the terms of the share exchange offer, RTZ's holding in CRA falls to 55.3 per cent from 61.1 per cent, with a consequent rise in the Australian holding in CRA.

This is offset to some extent by the fact that the Australian public will no longer have a direct holding in Hamersley.

Mr. John Howard, the Australian Treasurer, said these had been public comments that moves of this kind were not in accordance with the Government's policy that companies undertaking naturalisation should do so primarily by way of new issues of shares to Australians to fund new projects, rather than by way of takeovers of existing businesses.

He went on to say that this objective was not intended to preclude naturalising companies from making takeovers considered to be "fully in line with the Government's foreign investments policy requirements."

ROUND-UP

Net profits for 1980 of the London-registered investment group **East Rand Consolidated** rose to £469,110 compared with £278,879 for 1979. The dividend for the year is unchanged at 1.05p.

Taxation increased to £168,240 from £130,373. In September last year the company transferred its South African business to a wholly-based South African subsidiary, **African Exploration Investments**.

* * *

Higher dividends from the investments in **Falcon Mines** and **Olympus Consolidated Mines** were the main factor behind a near fourfold rise in net profits of **Afex Corporation**, formerly Rhodesian Corporation, in the year to September 30, 1980.

Net profits of the Zimbabwe-registered investment company were £1.35m, compared with £360,605 in the previous year, and a dividend of Z$1.25 (88p) is to be paid, against 56p last time.

UK COMPANY NEWS

Empire Stores changing auditors

Empire Stores (Bradford) is hanging its auditors. Arthur Young McClelland Moores and Co. will not be reappointed.

In the company's annual report and accounts for 1980-81 it is stated that at the AGM on June Mr. J. Gratwick, the chairman, will propose that Thornton Baker be appointed in place of the retiring auditors.

Arthur Young McClelland Moores and Co. confirm that there are no matters that they consider should be brought to the attention of shareholders.

The results of the company for the 53 weeks to the end of January, 1981, and prospects were reported on April 9. The group balance sheet shows fixed assets at £5.37m (£4.16m), net current assets at £36.47m (£35.47m) and shareholders' funds of £33.3m (£29.41m).

● comment

A poor first half is foreshadowed by Empire Stores, although the company still hopes that an upturn could become visible before Christmas. The current position is that the "front half" of the catalogue—dominated by women's fashions—is generating reasonable business but the hardware pages further back in the book are not at all productive. The shadows of unemployment and short time working still hang heavily over Empire's customers. When the economy picks up, customers' willingness to take on credit commitments should rise smartly—and the Autumn/Winter catalogue should be competitive with prices on average up only some 3 per cent on a year earlier. But for the time being Empire can only wait and hope, with the higher margins on fashions being offset by lower overall volume.

Manor National in red full time

LOSSES OF Manor National Group Motors continued in the second half of 1980 and the final dividend, like the interim, is being omitted.

After a £744,000 dive to losses of £21,000 at midway, the group finished the year with a pre-tax deficit of £375,000, compared with a profit of £1.22m in 1979, when dividends totalling 2.5p net were paid.

The directors of the group, which is involved in car distribution and hire and transport, say the trading position is still difficult. Ford sales for the first quarter are slightly lower because of a shortage of vehicles, and there are still problems on the BL side.

The disappointing 1980 results are mainly attributable to problems with CGSB which were not in evidence at the time of its acquisition, they state. If the losses in this subsidiary are isolated, the group has done better than most in the same sector, particularly Ford dealerships.

They add that it has been necessary to restate the reserves of CGSB at December 31, 1979—the date of its acquisition—to allow for what, in their view, was an over-valuation of the company's stocks at that date. The group is seeking counsel's opinion as to the best action to be taken in the interests of shareholders.

A close watch is being maintained on the current trading results of CGSB and further action is being taken to rectify the position, they state.

ALLIED PLANT AND THAMES INVESTMENT POOL INTERESTS

New housebuilding company planned

BY RAY MAUGHAN

Allied Plant Group and Thames Investment and Securities, the recent addition to the unlisted securities market, are planning to pool their housebuilding interests to form a new public company, Allied Residential.

Allied Plant will put in assets valued at £1.5m, net of related debt, and will be transferring borrowings of about £2m to the new company. It will receive in exchange shares with a value approaching £1m in addition to around £1.05m in cash.

Thames, which is principally invested in commercial and industrial properties, will contribute net assets valued at £1.3m and, like the plant hire group, will hold about a quarter of the de-merged company's equity. It will also take £150,000 in cash. Allied Residential will take on debts of some £750,000 of Thames' overdraft.

It is intended to obtain a full listing for Allied Residential and shares in the new company will be placed by Tring Hall Securities, the sponsoring house responsible for several USM issues. Both APG and Thames have undertaken to retain at least 20 per cent of the equity for more than two years.

Mr. Michael Heathcote, chairman of Allied Plant and a director of Thames, said yesterday that Allied Plant will now switch its emphasis from private housebuilding to plant hire and services to the building industry.

Allied Plant's profits before tax last year slipped from £1.2m to just over £1m and the contribution from the plant hire division was worth little more than £100,000.

These activities, Mr. Heathcote said, should be capable of producing at least £300,000 pre-tax in a reasonable year.

The group has, however, lifted the total dividend for 1980 by a fifth to 1.89p net per share after a low tax charge which left the attributable surplus at an almost unchanged level of £970,000.

The new housebuilding company is expected to make at least £1.05m pre-tax in the year to March, 1982 to which Allied Plant's residential interests are forecast to contribute over £750,000.

The prospectus for Allied Residential will be published on Thursday, May 28 and dealings are expected to start 10 days later. Brokers to the issue are Capel-Cure Myers.

● comment

Since it was only housebuilding that kept Allied Plant afloat last year, after the predictable collapse in plant hire profits (and fleet disposal values), this is perhaps a curious time to shed the residential division. Yet, it seems possible that in the light of the substantial market re-rating afforded to the market leader, Barratt, and others, Allied Plant and Thames have taken the housebuilding sector on the flood. The group contends that plant hire earnings are of a higher quality than housebuilding and anyway expects to fill in the earnings hole with a forthcoming acquisition, supplemented by the £2m proceeds of major asset disposals. The placing price has yet to be finalised but it is likely that investors will have to be offered a double digit yield and the issue is not expected to get on much more than a multiple of eight times prespective fully taxed earnings. That should look about right but a disposal of this nature does sometimes raise the question of how to float an investment which the vendor manifestly does not require on qualitative rather than strategic criteria.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brazil Fund, Drayton Consolidated Trust, Fulcrum Investment Trust G.R. (Holdings), Herman Smith, Pochins, Tricoville, Ulster Television, Vaux Breweries, Whessoe.

Finals—James Beattie, Dualvest, Ovenstone Investments, Scottish European Investment, Uniflex, Youghal Carpets.

FUTURE DATES

Interims—

Ranks Hovis McDougall	May 21
Redfearn National Glass	May 20
Riley (E. J.)	May 18
Silverthorne	May 14
Trafalgar House	May 13
Unochrome Industries	May 14
Williams (John) of Cardiff	May 14

Finals—

Bulmer and Lumb	May 13
Cater Ryder	May 13
Holyrood Rubber	May 14
Hongkong (Selangor) Rubber	May 12
Kuala Selangor (Rubber)	May 14
Nurdin and Peacock	May 13
Selincourt	May 20
Whitbread Investment	May 20

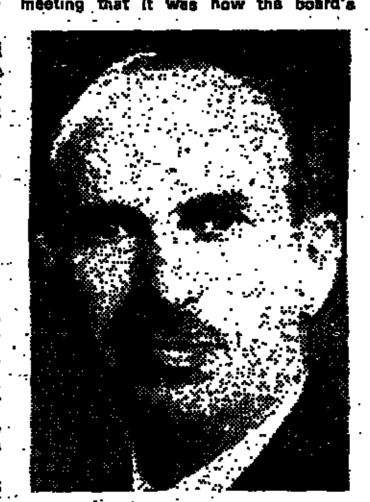
RESULTS AND ACCOUNTS IN BRIEF

MAXIM'S (restaurateur)—Results for year to December 31, 1980: Turnover £2.32m (same): pre-tax profits £41,822 (£84,821); tax £21,076 (£43,057). Stated earnings per 25p share 11.2p (22.7p). Dividend 5.5p (6p). Shareholders may elect to receive scrip issue in lieu of dividend.

WEMYSS INVESTMENT COMPANY—Interim dividend for year to September 30, 1981 7p net (same), estimated pre-tax revenue for year £713,000 (£716,000), after-tax available revenue £448,000 (£452,000), earnings per £1 share 19.9p (20.1p), net asset value at March 31, 483p (388p).

GUARDIAN INVESTMENT TRUST COMPANY—Results for year to March 31, 1981: gross income £3.98m (£3.86m); net revenue £3.75m (£3.66m); before tax £1.23m (£1.19m); dividends £2.37m (£2.32m); preference dividends £109,113 (same); stated earnings per 25p share 4.78p (4.69p); market value of investments £75.8m (£57.36m). Final dividend 3.2p (3p) per share making 4.7p (4.6p).

RANSOMES SIMS AND JEFFERIES (machinery manufacturer)—Mr. Geoffrey Bone, chairman, told annual general meeting that it was now the board's



Mr. Geoffrey Bone chairman of Ransomes Sims and Jefferies

view that results for 1981 may not be quite up to those achieved in 1980 unless there was an improvement in market conditions.

SCOTTISH EUROPEAN INVESTMENT COMPANY—Results for year to the end of March 1981: gross revenue £804,810 (£932,588); pre-tax income £498,089 (£548,888); tax £252,714 (£274,736). Second interim dividend 1.25p, making net total payment of 1.85p (same) for the year. Earnings per 25p share 1.64p (1.83p).

BRITISH INVESTMENT TRUST—Gross revenue for year to March 31, 1981, £9.72m (£8.32m). After tax £3.13m (£2.55m), revenue £5.92m (£5.11m). Earnings per 25p share 9.48p (8.18p), final dividend 4.85p making total 8.85p (7.85p including special 0.85p). Net asset value per share 241p (184.5p).

DINKIE HEEL (safety toe cap manufacturer)—Results for 1980 reported April 3, 1981. Current assets £502,527 (£587,982) including cash and bank balances £23,877 (£27,631); current liabilities £296,462 (£410,248) including bank overdraft £8,740 (nil); shareholders funds £1.03m (£941,187); CCA profit £63.4m. Meting: Bristol, May 22, noon.

ALVA INVESTMENT TRUST—Results for year to February 28, 1981, reported April 7. Investments £3.48m (£3.29m) including £101,833 (£85,833) unlisted at directors' value and £18,340 (nil) listen on exchanges outside UK. Chairman states that year's income included interest at high rates on substantial bank deposits and such earnings will be lower in the current year. Meeting, Glasgow, May 28 at 12.30 pm.

ROHAN GROUP (industrial developer, designer and contractor)—Results for 1980 already known. Shareholders funds £5.72m (£3.53m), net current asets £3.58m (£3.48m). Net liquidity up £1.21m (down £1.01m). Chairman confident of satisfactory progress in 1981. Meeting, Dublin, May 22 at 3 pm.

LOW AND BONAR (packaging, engineering, textiles and travel)—Results for the year to end-November, 1980, already known. Shareholders' funds £48.12m (£45.24m); bank balances and cash £3.09m (£4.11m), bank loans and overdrafts £13.09m (£12.9m). During the year company's capital expenditure and leasing commitments exceeded £5.5m, a substantial part of which was devoted to the installation of a new production line at the carpet subsidiary Flotex. Company intends to gradually expand its travel interests. Meeting, Dundee, June 2.

GREEN'S ECONOMISER GROUP (engineer)—Results for 53 weeks to Janaury 4, 1981 reported on April 10, 1981. Fixed assets £5.86m (£5.15m); net current assets £5.83m (£5.42m); shareholders' funds £10.55m (£9.53m); bank overdraft £156,990 (£362,265); bank and cash balances £52,234 (170,647). Historical pre-tax profits of £1.87m (£1.08m reduced to £1.33m on a CCA basis. Meeting, Connaught Rooms, Great Queen Street, WC, May 28, at noon.

E. FOGARTY AND CO. (processor of man-made fibres, down and feather fillings and manufacturer of household textiles)—Results for 1980 reported April 23. Fixed asets £7.38m (£6.96m); current assets £15.36m (£14.63m); current liabilities £7.56m (£6.87m) including bank overdraft £1.26m (£725,000). Shareholders' funds £12.61m (£10.11m). Historical pre-tax profits of £1.55m (£2.2m) are reduced to £486,000 on a CCA basis. Meeting: Boston, Lincolnshire, May 27, 2.15 pm.

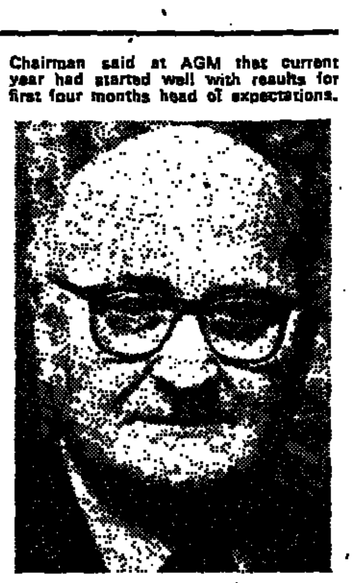
STEEL BROTHERS HOLDINGS (rock products, construction supplies, food, catering, engineering and general trading)—Results for 1980 and prospects reported April 24. Ordinary shareholders' equity £26.12m (£23.37m). Fixed assets £24.12m (£21.3m). Current assets £38.88m (£37.45m); medium term liabilities £5.1m (£5.84m); current liabilities £28.96m (£25.29m). Meeting, Dorking, May 29, noon.

SUNBEAM WOLSEY (hosiery and knitwear manufacturer)—Results for 1980 reported April 1. Ordinary shareholders' funds IR £9.24m (£8.77m). Current assets £10.51m (£9.27m) including bank balances and cash £2.27m (£1.38m). Current liabilities £4.82m (£3.57m) including bank and term indebtedness £1.21m (£0.46m). CCA pre-tax loss £1.4m against historical £326,000 profit. Chairman says 1981 will continue to be a difficult year. Meeting, Cork, May 28, noon.

WEBSTERS GROUP (printing, publishing, book distribution and visual communications)—Results for 1980 and prospects reported April 23. Shareholders' funds £4.66m (£2.66m). Fixed assets £4.88m (£2.64m); net current assets £1.03m (£1.37m). Cash outflow £117,000 (£288,000 inflow). Meeting, Winchester House, EC, May 29, noon.

HUNTING PETROLEUM SERVICES—Results for 1980 with prospects reported April 28. Shareholders' funds £8.79m (£7.58m); Fixed assets £12.27m (£10.23m). Net current assets £1.22m (£1.71m). Net liquid funds decreased £1.12m (£0.27m increase). Current cost pre-tax profits £3.2m (£2.2m) against historical £4.15m (£2.93m). Meeting, 243 Knightsbridge, SW, June 4, 12.30 pm.

RUBEROID (building products, subcontractor and paper and plastics). Chairman said at AGM that current year had started well with results for first four months head of expectations.



Mr. Thomas Kenny chairman of Ruberoid

"We will not reach £3m profit for 1981 but I doubt if we shall fall out of the £2m bracket," he said. Beyond that he said he was not prepared to go. Profit for 1980 was £2.27m.

AMALGAMATED POWER ENGINEERING—Results for 1980 reported April 25 in full preliminary statement. Current cost pre-tax losses £1.08m (£1.75m) against historical £1.96m (£1.56m). Shareholders' funds £25.1m (£24.79m). Net current assets £20.71m (£21.35m). Fixed assets £11.01m (£10.94m). Net liquid funds increased £1.47m (£8.46m decrease). Meeting, Bedford, June 4, noon.

BRENT CHEMICALS INTERNATIONAL—Results for 1980 already known. Shareholders' funds £11.59m (£7.25m); fixed assets £4.43m (£4.22m). Net liquid funds increased £3.29m (£1.24m decrease). Net current assets £5.12m (£2.14m). Chairman's emoluments £46,078 (£15,989). Meeting, Hayes, Middlesex, May 28, at noon.

CORNING (glass manufacturer)—Results for the year to November 30, 1980. Sales £61.65m (£59.73m). Pre-tax loss £642,000 (£791,000) after exceptional debit of £1.38m (£455,000 credit) and interest of £2.52m (£1.62m). Tax £566,000 (£907,000). Extraordinary credit £4.23m (nil). Attributable profit £3.01m (£1.71m loss).

CANADIAN AND FOREIGN INVESTMENT TRUST—Results for the year to March 31, 1981. Gross revenue £761,000 (£737,000). Final dividend 3.65p (3.35p), making 5.6p net (5.1p). Stated earnings per 25p share 6.26p (5.79p), net asset value per share 195.6p (147p) after prior charges at par.

WALTER LAWRENCE (construction, property development, manufacturing and engineering)—Results for 1980 reported on April 22. Shareholders' funds £9.8m (£8.01m); fixed assets £6.36m (£6.04); net current assets £5.49m (£3.51m); borrowings £1.81m (£4.5m). Historic pre-tax profit of £1.36m reduced to £781,000 on a current cost basis. Chairman says the nationalisation of the manufacturing and engineering division coupled with the strength of the construction order book and the acquisition of valuable housing sites place the group in a strong position to take advantage of any upturn in the economy. Meeting, Sawbridgeworth, Herts, on May 29 at noon.

M. AND J. QUICK GROUP (Passenger and commercial vehicle dealer)—Results for 1980 reported March 31. Fixed assets £3.38m (£2.95m), net current assets £2.12m (£2.56m); ordinary shareholders' funds £4.9m (£4.88m); bank overdrafts £3.53m (£2.34m). Meeting, Old Trafford, Manchester, May 28, 11 am.

PHOTAX (LONDON) (photographic equipment)—Results for 1980 reported April 13. Current cost prex-tax profit £470,000 against historical £384,273. Chairman says sales for the first three months of current year show improvment over same period of 1980. Shareholders' funds £2.15m (£1.43m). Fixed assets £419,773 (£334,969). Net curent assets £1.9m (£1.7m). At December 31, 1980, Hanover Nominees (Menteith Investment Trust) held 18.125 per cent of share capital. Meeting, May 29, noon.

Good year seen by Ladbroke

MR. CYRIL STEIN, chairman of Ladbroke Group, forecasts another good year for the company in 1981. The pattern of trade to date is similar to that in 1980, which produced a 23 per cent increase in profits ex casino operations.

He says he does not anticipate any major downturn in business and that it is planned to maintain the high level of capital investment. Opportunities to increase cash flow businesses will be sought and there will be continued building of the group's strong asset base.

The 1980 report and accounts, which contain Mr. Stein's projections, show the changing profile of the group, with the rise in the book values of freehold and long leasehold investments, dealing and operating properties to nearly £200m.

Shareholders' funds and assets per share, at the balance sheet date, stood at £145.9m (£128.5m) and 249.5p (223p) respectively. However, Mr. Stein expresses confidence that the present market value of the properties, fixed assets, licence and overriding goodwill of the group is well in excess of these figures.

Over £31m was spent in 1980 on fixed assets for operating purposes. This expenditure has been primarily financed from pre-tax profits and asset disposals.

The property division spent £36.7m on land acquisitions and developments for dealing purposes. After deducting cost of sales, the value of dealing stock has risen from £20.3m to £45.9m.

Borrowing stands at a ratio of 66 per cent of shareholders' funds after deducting goodwill on consolidation. Most of the loans are in respect of the property and leasing division. Borrowings of other divisions represent 18 per cent of the shareholders' funds they employ.

Reflecting the discontinuation of most of the group's casino and lottery operations, pre-tax profits, as reported on April 3, fell from £49.2m to £32.6m. Excluding these operations the result improved by 23 per cent to £30.4m.

The AGM of the group will be held at 20, Aldermanbury, on June 4, at 11 am.

Share listing for Allegheny International

Allegheny International, the major U.S. consumer and industrial products manufacturer formerly known as Allegheny Ludlum Industries, has been granted a London share listing, commencing today.

The listing, granted in respect of 10.5m issued and reserved shares, has been arranged by S. G. Warburg, with Cazenove acting as brokers.

Mr. Robert J. Buckley, chairman and chief executive officer, said in London yesterday he regarded as "conservative" a forecast of consolidated earnings for this year of $7.70 a share against $6.34 in 1980.

BANK RETURN

	Wednesday May 6 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	45,765,401	+ 3,664,368
Bankers Deposits	721,619,341	+ 59,587,571
Reserve & other Accounts	1,489,033,196	+ 74,006,840
	2,268,970,828	+ 137,258,775
ASSETS		
Government Securities	905,660,656	+ 165,950,000
Advances & other Accounts	856,993,990	+ 19,857,877
Premises Equipment & other Secs.	487,115,176	— 45,412,947
Notes	18,750,840	— 2,096,390
Coin	250,364	+ 235
	2,268,970,828	+ 137,258,775
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,725,000,000	—
In Circulation	10,706,249,760	+ 2,096,390
In Banking Department	18,750,240	— 2,096,390
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	6,877,891,697	+ 137,469,728
Other Securities	3,836,093,203	— 137,469,728
	10,725,000,000	—

RHM group changes

Ranks Hovis McDougall has formed RHM FRESH FOODS under the chairmanship of Mr. R. F. Lister, a member of the main Board.

Within the new company, British Bakeries will be a separate trading division. Mr. T. S. Howden, who will be the divisional managing director, has been managing director of RHM Foods. The existing departmental directors of British Bakeries will retain their present responsibilities.

Mr. J. G. Rose has been appointed chairman of the companies producing and marketing packed cake (Manor Bakeries), frozen meat products (Baughans) and the catering company (Manor Caterers). Mr. Lister (chairman), Mr. Rose and Mr. Howden will be directors of RHM Fresh Foods, RHM general products.

Mr. B. R. Gibbs has been made managing director of RHM Foods to succeed Mr. Howden. Mr. Gibbs, who has been managing director of McDougalls Catering Foods, is succeeded by Mr. P. G. Roberts. Mr. D. Baines has become marketing director of RHM Foods.

★

Mr. Peter J. Jansen was appointed to the Board of REDLAND. He was chairman of Redland Purle, the waste management company, until its sale in January this year. Mr. Jansen is chairman of Prismo Universal and Prismo Universal Corporation of the U.S., both subsidiaries of Redland.

★

Sir Robert Clark has been appointed a director of UDS GROUP. Sir Robert is chairman of the Hill Samuel Group and of IMI.

★

Mr. V. G. Ivory and Mr. S. Tweedie will join the partnership of VIVIAN GRAY AND CO., stockbrokers, on May 18.

★

Mr. Richard Ellert has joined the Board of EAST ANGLIAN SECURITIES TRUST, the principal subsidiary of East Anglian Securities Holdings.

★

Mr. M. F. Odling has been appointed to the Board of BUNZL TEXTILE HOLDINGS as a non-executive director. He was formerly merchandising director of ICI Fibres and commercial director of its fibres company in South Africa.

★

Mr. S. F. Collins has been appointed deputy chairman of LOVELL AND CHRISTMAS (HOLDINGS) and Mr. J. S. Harvey has joined the Board and becomes chief executive of that group. Mr. Harvey was previously managing director of Spillers Agriculture. The parent concern is Fitch Lovell.

★

Mr. S. J. Titcomb has been appointed a director of the CITY OF LONDON BREWERY AND INVESTMENT TRUST. He is senior partner of de Zoete and Bevan.

★

Mr. J. A. Howard, deputy chairman of HOWARD MACHINERY is leaving the Board to return to Australia as managing director of Howard Rotavator Australia. Mr. C. F. Alsop, the group chief executive, has taken over the additional position of deputy chairman of Howard Machinery and Mr. N. D. Dunnett, company secretary and group financial controller, is appointed to that Board. Mr. A. A. Williams is leaving the group for an overseas post.

★

Major John Fuller has been appointed a non-executive director of FULLER SMITH AND TURNER.

★

Mr. Brian Long, managing director of HONEYWELL INFORMATION SYSTEMS, has been named a vice-president.

★

Mr. Ron Lewis has been appointed acting director of the BRITISH PLASTICS FEDERATION following the resignation of the former director, Dr. Anthony Holmes-Walker. Mr. Lewis, who recently retired as managing director of GPG International, will direct the affairs of the Federation until a new director is appointed.

★

Mr. Adrian F. M. Friendship has been appointed managing director by CASTELL LOCKS, a subsidiary of Halma.

★

Mr. Brian Boughton has been appointed to the newly-created position of divisional director, computer services division of NCR. The new post amalgamates NCR's UK micrographics and UK data centres organisations.

★

Viscount Mountgarret has become a vice-president of the INSTITUTE OF SALES AND MARKETING MANAGEMENT.

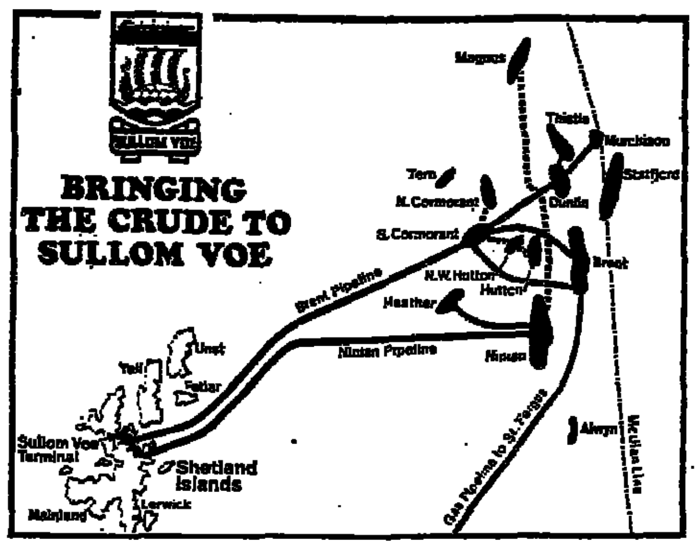
★

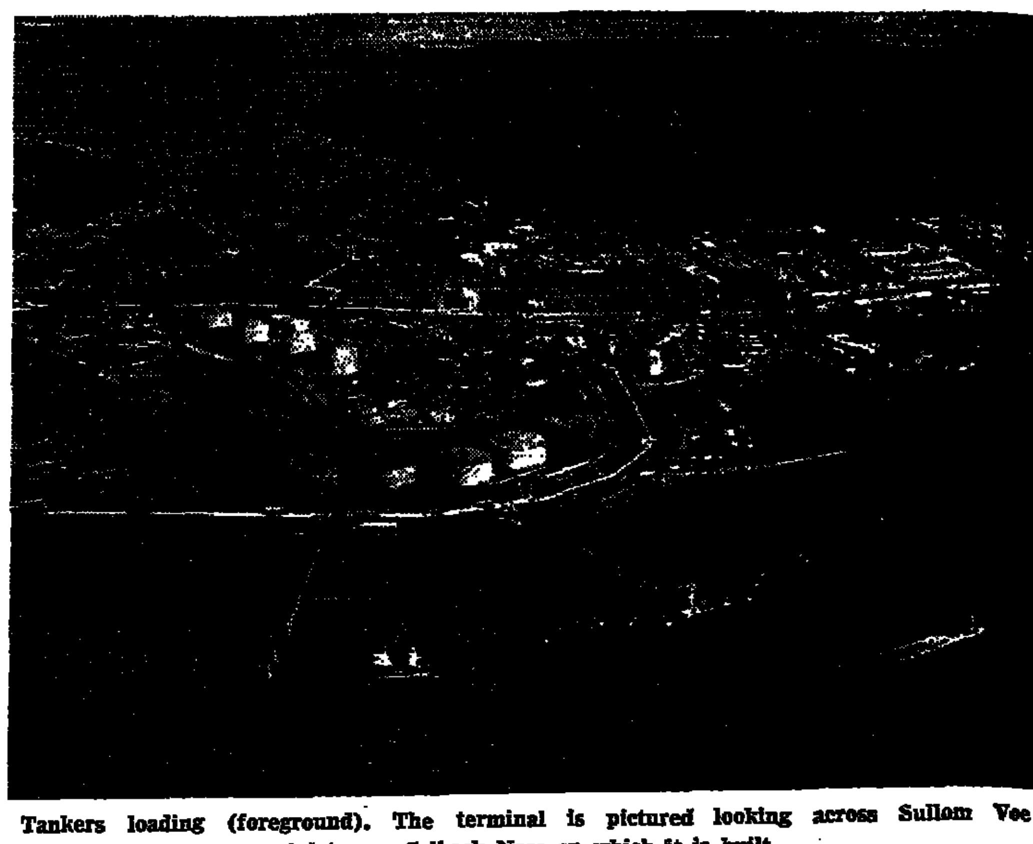
Mr. A. S. Lawson has been appointed regional manager, development and planning, Far East Division, head office, LLOYDS BANK INTERNATIONAL, London. He was formerly area manager in London with special responsibilities for Japan and the Republic of Korea. Mr. H. Frederick has become manager of Seoul branch, Republic of Korea. He was previously manager of Guayaquil branch, Ecuador, of the Bank of London and South America, a subsidiary of Lloyds Bank International. Mr. J. R. Frew has been made manager of the bank's branch at Manila in the Philippines. He was manager of Amsterdam branch. Mr. K. J. Wallace is now manager, Merchant Banking Services, and will be based at Hong Kong branch.

Energy Review: Inauguration of Sullom Voe

By Maurice Samuelson

Out of the world of Aladdin





Tankers loading (foreground). The terminal is pictured looking across Sullom Voe inlet over Calback Ness on which it is built

On a site which could enclose all the parks of London stands rows of green or silver storage tanks for oil, gas and ballast, a power station big enough for a medium-sized town, a jungle of pipework and processing plant, a maze of roads, a 300 feet high steel tower for flaring gas, and a fully fledged harbour with four jetties serving super tankers of up to 350,000 deadweight tonnes. Despite its size, it is framed by the eerie landscape, thus meeting the Shetlanders' demand that it should be as unobtrusive and remote as possible.

AS THE Royal Yacht Britannia sails up Sullom Voe in Shetland tomorrow, those aboard will be greeted by an incongruous sight. With scarcely another building to be seen on the surrounding treeless hills, Europe's largest oil and gas terminal looks as if it had been conjured there whole by Aladdin's genie.

The Queen, accompanied by Prince Philip and King Olav of Norway, is to inaugurate the terminal, now 90 per cent finished — the world's biggest privately financed civil engineering project.

The cost of the project has doubled to £1.2bn in the past five years. The key gas processing part is at least two years late—it will be fully operational from next year. But this has been due less to industrial disputes — which have been remarkably rare—than to continued increases in planned capacity to meet expanding offshore production.

British Petroleum, the terminal's operator, feels that even though full completion of the gas processing side is some way off it is justified in organising a royal inauguration.

Tankers from the terminal will collect the oil and liquefied petroleum gas (LPG) piped from the oilfields in the East Shetland basin, about 100 miles offshore in the North Sea.

It has been exporting crude since 1978. But since the gas handling plants were not ready, this was "dead" crude from which gas had to be removed before reaching Sullom Voe through the Brent and Ninian pipeline systems.

Since November 1978 58m tonnes of crude oil have left Sullom Voe in 730 loadings. The throughput of oil has recently reached 800,000 barrels a day and is rising steadily to the present design maximum of 1.4m b/d.

On balance, the work has been a success for the British construction industry. Most of the cost increases can be attributed to the many unknown factors such as the amount of peat which had to be stripped from the hillsides and the number of workers needed.

Some of the large pre-assembled units brought in by barge from as far away as Holland were weakened by the rough seas and had to be strengthened, as did the 300 feet high gas flare stack which was dropped during unloading.

Industrial relations appear to have been very satisfactory, with only three total stoppages since work began. About five agreements were drawn up with major unions, including the Scottish North Isles Agreement, for mechanics, electricians and instrument workers, and BP says they have been rigorously upheld.

Most staff worked four weeks on and one week off and leisure facilities were provided to try to relieve the boredom. Breaches of discipline were punished by expulsion of the offenders from the islands.

One problem on which officials are less forthcoming is security of what must be a prime terrorist objective. Nevertheless, Mr. Ted Ferguson, construction manager at Sullom Voe for the past four years, said last week that talks had been going on with the Ministry of Defence about installing a new sophisticated security fence. But as far as he knew a decision had been held up by failure to agree on who would pay for it. It would take experts only about 40 seconds to penetrate the present security fence, he said.

There is nothing sluggish, though, about the regular document checks on visitors and site personnel trying to walk or drive through the site. They supplement the inspection by the Special Branch of BP's work rolls, which includes special scrutinies of people recruited in Northern Ireland.

The work is now slowing down. Already one accommodation ship has left, and the second, the Rangatira, will sail for other waters in the summer. Plans are afoot to dismantle one of the two villages built to house the main workforce on shore, and the first welders have moved on to other sites, including the Mossmoran petrochemical plant being built in Scotland. This will reduce the permanent workforce to 650 from 7,000 at the height of the work, of whom 850 were Shetlanders.

British Petroleum which has supervised the terminal's construction and operates it on behalf of more than 20 other oil companies with North Sea interests, says that three more hurdles remain to be crossed this year before it can become fully operational. The first is the introduction of "live" gas-containing crude into the Brent and Ninian pipeline systems which bring in the oil from the North Sea. BP is almost certain this will be achieved this year.

This year's second and biggest hurdle, which BP gives itself a 60-70 per cent chance of surmounting by October, will be the first production of liquefied petroleum gas (LPG), in the form of propane and butane, most of which will be shipped to the U.S.

The third milestone will be to have the entire gas "fractionation" plant working by December. BP gives itself a 50-50 chance of meeting this target. This will enable the terminal to be operating at full capacity of 1.4m b/d by the third quarter of next year. But it will only achieve peak throughput if the offshore producers supply the full amount of oil. So far, BP says, the terminal has always been ahead of the fields' output.

Capacity can be extended relatively simply to 2m b/d. There is also a more ambitious provision to raise this to 3m b/d once oil is being produced to the west of Shetland. This would give the terminal a life of 50 years.

Despite the doubts about how quickly the full design capacity will be reached, BP says it is confident that costs will not go above the £1.2bn to which it rose in a series of huge leaps. The main increase was caused by the addition of the Ninian pipeline system.

When BP took over it also altered the contracting structure. Constructors John Brown became the leading contractors for the process plant, which in turn passed on work to 22 main subcontractors. Foster Wheeler remained in charge of the site services.

A particularly delicate part of the operation has been the oil industry's relations with the Shetland Islands Council (SIC). The Shetlanders, while wanting to obtain as much financial benefit as possible, have also wanted to soften the project's threat to their social and economic stability.

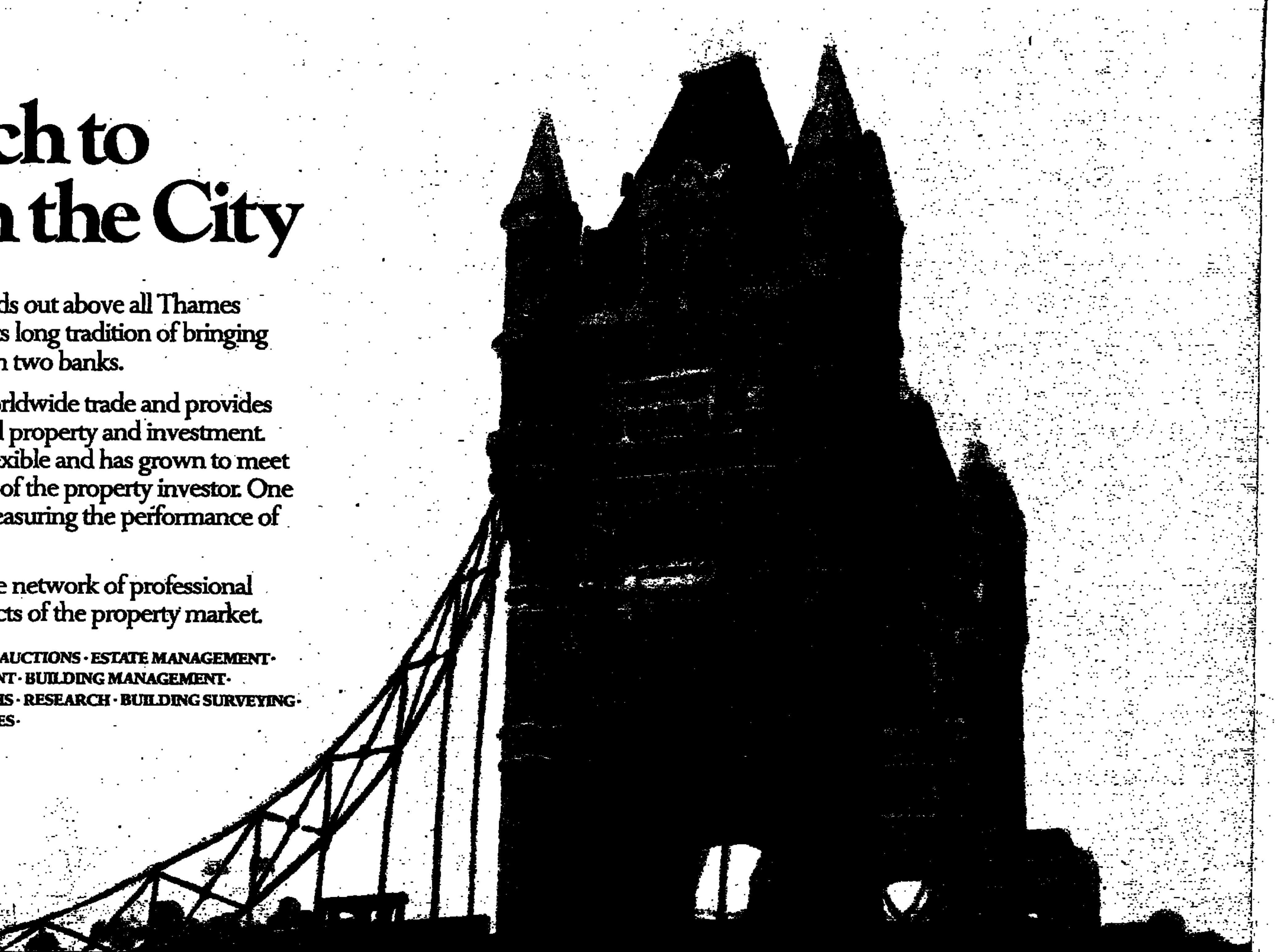
The terminal has evolved as a partnership between the oil industry, and the SIC. They hold equal shares in a joint organisation, the Sullom Voe Association, a non-profit making company which manages the construction and operation of the terminal. One of the Association's first moves was to appoint BP, one of the participants, as the constructor and operator.

Another key agreement was the Sullom Voe Port and Harbour Agreement covering construction of the oil jetties by the SIC. Under it the SIC will receive a levy on all oil production shipped through the terminal. The proceeds go to a special fund to help local industries once oil production starts to run down. The industry also agreed to pay "disturbance" agreements which will have amounted to £18m by the end of this year.

Most of Shetland's rates income also comes from the terminal—in the current financial year BP are expected to pay nearly £18m of Shetland's £24m rate income. The SIC is now bracing itself for the oil industry's bid to have the terminal "derated." If successful, it would cost the SIC £126m by the end of the century, says Mr. Chris Ennis, the council's finance director.

Poker-faced Shetlanders already complain that so far the advent of the oil industry has been a mixed blessing. For example, the SIC says it is spending £5m a year to build and strengthen roads whose heaviest use is by the oil industry.

The Shetlanders often compare their economy to a three-legged stool—the legs are farming, knitwear and fishing. With Sullom Voe offering handsome wages to girls for menial tasks in the accommodation villages, the workforces of the first two have been strained. But the terminal's completion could now create unemployment, which will add to the troubles caused by the decline of fishing.



INTERNATIONAL COMPANIES and FINANCE

Texas Air fights back with full bid for Continental

BY IAN HARGREAVES IN NEW YORK

TEXAS AIR, the Houston-based airline holding company, yesterday launched a surprise $97m bid to buy the 51.5 per cent of Continental Air Lines it does not already control.

The announcement was made a day after Continental, at its annual shareholders' meeting, had rebuffed Texas Air's attempts to undermine a plan being backed by Continental management to take the company into the ownership of its own employees.

The timing of the Texas Air's move suggests two things: that it is confident that the Civil Aeronautics Board (CAB) will eventually allow it to take over Continental, and that the threat of the employee ownership plan has to be taken seriously.

Continental replied cooly to the Texas offer.

Mr. Alvin Feldman, Continental's president, said the latest Texas proposal "does not yet address concerns that Continental management has about the viability of a combined Continental and Texas International." Texas International is an operating subsidiary of Texas Air.

Continental also drew attention tothe fact that Texas has not yet lined up the funds it would need for the $13 per share offer, although Texas said it expected this to be cleared up by May 19.

Texas said it was also considering an alternative plan to offer a tax-free stock swap worth $14 per share for the rest of Continental.

Continental says it will refer the Texas bid to the panel of outside directors created to assess the employee stock control plan, so that the panel can examine the rival proposals together.

In making its new offer, Texas is also attempting to sweeten its relations with Continental employees. The Houston company said it would abide by standard industry procedures for protecting employees from redundancies in the event of a merger.

New-style discounted Eurodollar CD launched

By John Makinson

CHEMICAL BANK has introduced a new instrument to the Eurodollar market through the launch of discounted Eurodollar certificates of deposit.

The new CDs, which were offered for the first time yesterday, resemble U.S. Treasury bills and bankers' acceptances in carrying no interest rate. Instead, the investor obtains his return by buying the CD at a discount and having it redeemed at face value.

Until now, Eurodollar CDs have been issued at face value with interest paid on redemption. Since the principal market for these CDs is in the U.S., the new structure has the advantage of making them more directly comparable with the domestic U.S. market for discounted instruments.

CDs are generally offered by U.S. banks as a form of short-term financing. Yesterday's offer by Chemical was for $60m of one-month paper and $40m of two-month paper. Part of the issue was taken up by Gerrard and National Discount, Kuhn Loeb Lehman, Lombard Wall and Salomon Brothers. The remainder was sold by Chemical direct to investors in Europe and North America.

The issue sold out rapidly in the morning and Chemical disposed of about another $20m later in the day through a tap offer. In the secondary market, dealers were quoting yields a few basis points above those of conventional CDs.

The new pricing structure is likely to spawn imitators and could have applications for Eurosterling CDs or even CDs with special drawing rights. It would also be a more suitable candidate for the financial futures market than a conventional CD.

Chemical will continue to offer the instruments on a tap basis and will endeavour to establish an efficient secondary market in it. The discount CD has already been tried in the New York market but never before in London.

Since the London market in non-sterling CDs had outstanding issues of $55.8bn in mid-March this year, the potential for the new instrument is great. If the idea wins general acceptance, it will enhance still further the arbitrage possibilities between the London and New York CD markets.

Peter Montagnon weighs arguments for Special Drawing Rights

Appeal of SDR market still growing

THE EXTREME volatility of the world's currency and money markets in recent days may not be welcomed by central banks, but it does provide a further prop to the arguments of those international banks who are trying to develop an alternative financial market in Special Drawing Rights (SDRs), the currency unit of the International Monetary Fund.

Central banks argue that straight currency investments are always risky because of the inherent possibility of loss at times of unpredictable fluctuations of interest and exchange rates. The risk can be minimised by investing in the SDR, a basket unit composed of the world's five leading currencies which has an enviable record of stability in an uncertain world.

The evidence suggests that these arguments have been growing steadily in appeal since the IMF's decision at the start of the year to simplify the content of the SDR by reducing the number of component currencies from 16 to five.

What started out last year as a simple SDR deposit-taking business by international banks has developed into a market which sees regular flotations of SDR-denominated Certificates of Deposit, Eurocredits and floating rate notes.

Morgan Guaranty is offering current account facilities in SDRs through its Brussels office and last week money brokers Godsell and Company said it had become the first broker to arrange an outright forward purchase of SDRs on behalf of clients.

A refinement such as this may appear to outsiders as having only technical relevance, but its underlying significance is far greater: capital market operations have now been arranged in SDRs for such diverse borrowers as Sweden, Ivory Coast, Italy's electric utility ENEL and the French heavy industry conglomerate Pechiney Ugine Kuhlmann.

Deals such as these have created a demand for SDRs among lending institutions who do not necessarily have access to SDR deposits of the right maturity from their customers.

By using the forward currency markets, they can hedge against the interest risk they run in lending SDRs out of a dollar deposit base. Effectively they are thus concocting an SDR deposit to put on their books.

This is crucial because it underlines the fact that the growing use of SDRs in capital market transactions has created a natural need for banks to acquire SDR deposits. From here it is a short step to the creation of a deposit market in which SDRs are traded among banks in just the same way as Eurodollars or Eurosterling.

The absence of such a market when customer deposit business took off last year was considered at the time by some of the banks involved to be a major stumbling block to the development of the SDR as a commercial instrument.

The economic reasons for the creation of such a market are compelling. The table shows how the real return of a putative Euro-SDR investment would have been exceeded during the past four years only by a holding of sterling, yen or gold.

But despite all this euphoria it has to be said that the private market in SDRs is still only at a fledgling stage. The secondary market in SDR Certificates of Deposit which was pioneered last summer by Chemical Bank International still sees only a minimal turnover even though issues outstanding are now thought to have grown to the SDR 400m to SDR 500m ($590m).

Similarly Morgan Guaranty admits that the clearance of SDR transactions through its current account facilities in Brussels is still only running at "relatively modest" levels.

The number of non-bank depositors in the SDR market is also still fairly limited. Originally confined to a handful of oil-related entities in the Middle and Far East, it has caught on with some multinational companies, especially those involved in commodities.

But paradoxically some large companies are resisting the notion of depositing money with their banks in the form of SDRs because they see it as undermining the raison d'etre of their own cash management operations.

These are companies who are already equipped to deal in the foreign exchange markets for the purposes of eliminating foreign exchange risk as well sometimes as making a little profit on the side.

Treasury officials of these companies feel that they might be doing themselves out of a job by placing surplus funds in SDR deposits which automatically provide elimination of foreign exchange risk.

This sort of resistance to a new idea is not novel; it does, however, demonstrate clearly that the promoters of the SDR market still have a lot more educational work to do before their ideas can come to full fruition.

Effective yields on SDRs compared with currency deposits

(Equivalent annual rates of return on three-month Eurodeposits held between first quarter 1977 and first quarter 1981)

	Interest	Exchange rate gain against $	Overall real return*
Euro-SDR†	9.4	2.6	0.7
U.S. dollar	10.3	—	−1.0
D-mark	5.7	3.6	−1.7
SwFr	2.8	7.4	−0.9
£	12.4	7.8	8.7
Yen	6.0	8.6	3.2
Gold	—	39.1	24.9

*Dollar yield deflated by wholesale price increases for manufactured goods in industrial countries.
†Rate implied by return on new SDR basket components invested in 3-month Eurodeposits.
Source: Morgan Guaranty.

Dip in General Dynamics profit

By Our New York Staff

GENERAL DYNAMICS, the largest U.S. defence equipment manufacturer, reported yesterday a 15 per cent decline in first quarter earnings to $30.8m from $36.3m in the first three months of last year.

The company blamed the earnings drop on the impact on its business of the slow economy in the U.S. and abroad.

General Dynamics, which is currently involved in a bitter and major dispute with the Pentagon over production of Trident nuclear submarines, said sales rose in the first quarter from $1.07bn to $1.27bn.

Mr. David Lewis, chairman, said the company continued to be financially strong.

Union Carbide plant

Union Carbide, a leading U.S. chemicals group, confirmed yesterday it was planning to build a 1,000 tons-a-year polycrystalline silicon plant in the U.S. Pacific Northwest, writes our New York staff.

Electrolux sales weaken

BY WESTERLY CHRISTNER IN STOCKHOLM

FOR 1981 Electrolux, the Swedish household appliance group, expects diversification and "broad distribution in a large number of countries" to serve as a cushion against falling demand in a number of group markets.

The acquisition of Gränges, the metals and engineering group, has served to increase the "spread of risks we face," the company says in its annual report.

Group capital spending, including Gränges, in plant, machinery and inventories, rose sharply to SKr 2.5bn ($520m) from the SKr 863m of 1979.

Although Gränges is included in the Electrolux accounts, the metals and engineering group issued its own balance sheet which details current investment programmes. This year, Gränges expects capital spending to rise to SKr 350m from 1980s to SKr 275m.

U.S. leasor optimistic

BY TERRY BYLAND

COMMERCIAL ALLIANCE Corporation (CAC), the New York-based leasing and financial services company, sees substantial benefits for the group from current U.S. Government tax policies.

In particular, Mr. Bernard Politz, president, told analysts in London yesterday, CAC could write off as much as 90 per cent of its tax bill against Investment Tax Credit. Depreciation write-offs by customers against their own tax bills had also proved in the past to be a significant stimulation

In the first quarter, CAC pushed earnings ahead by 16 per cent to 85 cents a share.

Nissan Motor plans big overseas share issue

BY OUR FINANCIAL STAFF

NISSAN MOTOR, one of the major Japanese car manufacturers, is raising $224.5m in what is believed to be the largest overseas financing ever undertaken by a Japanese company.

Nissan is raising the funds through the private placement of 60m common shares. They the being offered at Y797 per share, which represents a discount of almost 4 per cent on yesterday's closing price in Tokyo.

The size of the issue and the private placement structure suggest that a large part of the total will be sold to Middle East countries, including Kuwait, which have been heavy buyers of Japanese shares over the past year.

The shares are being sold though Niko Securities Company (Europe) and Lombard, Odier International in the form of European Depositary Receipts (EDR's).

Nissan made its debut on the international capital markets last November with an offer of shares at Y689 per share. That operation, which raised $165m, was itself reported to be the largest overseas financing by a Japanese company.

Nissan reported a 16.8 per cent increase in turnover to Y1,547bn ($7.4bn) during the six months ending September 30, 1980.

Fixed interest dollar bond prices continue to rise

BY FRANCIS GHILES

FIXED INTEREST dollar bonds moved forward again yesterday as dealers sought to buy back some of the paper they had disposed of in a panic on Tuesday. Prices gained about ½ point on average.

The $50m convertible to 1996 for Wang Laboritories was expected to be priced last night while the great success on the convertible front remains the $80m 15-year convertible for Fujitsu which is due to be priced next week.

French names in the fixed interest Eurodollar market have not been affected by the French persidential elections. Three years ago before the French general elections, many of them were standing at sharp discounts compared with other bonds for prime borrower. The French franc Eurobond market has also been very quiet, with no new issues since Easter.

The £50m "Bulldog" issue for the Republic of Finland is expected to offer investors a yield of 14.55 per cent, that is 75 basis points above the yield available last night at the close on the Treasury 12 per cent 1986 stock.

Among the borrowers who are expected to tap this sector in the near future is the Kingdom of Belgium.

D-Mark foreign bonds had a quiet day with prices down ¼ point while Swiss franc bonds improved by ¼ point.

$2bn credit for Allied Corp.

By Paul Betts in New York

ALLIED CORPORATION, the large U.S. diversified chemicals company, has negotiated a $2bn revolving credit agreement with a syndicate of American and European banks led by Chase Manhattan.

Allied is expected to use the credit, which replaces one for $600m, for its acquisition programme.

The company wants to expand and diversify and is reported to be considering developing its high technology role as are many other major chemical groups.

Allied, which also has interests in electronic and electrical products, oil and gas including in the North Sea, said it was not prepared to discuss acquisition moves.

Last year it tried to bid for the oil properties of Esmark which were sold to Mobil for $740m.

Allied said the four-year credit — available in two tranches — will be subsequently converted to a four-year term loan.

If the second commitment is used for an acquisition, any bank in the syndicate can be relieved temporarily of its obligation and other banks could increase their commitments.

Private funds for Sallie Mae

WASHINGTON — The Student Loan Marketing Association (Sallie Mae) will enter the private capital market for the first time during the week of May 19, Reuter reports.

Sallie Mae said it would begin with the sale of 30 to 90 day discount notes but would later use longer term instruments. It said it intended to have up to $500m in short-term notes outstanding by autumn.

Earlier this year, Sallie Mae signed an agreement with the Federal Financing Bank (FFB), a Treasury intermediary, to discontinue the sale of its obligations to the bank as of September 1982. The move is in compliance with the Administrations efforts to reduce Federal credit activities.

Mr. Donald Regan, the Treasury Secretary, said "Sallie Mae may come to serve as the prototype for other Government-sponsored corporations that currently rely on the FFB for various forms of credit assistance."

Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, May 14. Closing prices on May 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	97⅞	98⅜	+0⅛	−1⅛	15.76
Amoco 13¾ 88	75	90½	91	0	−2¼	15.52
CIBC 14¾ 84	185	96⅜	97⅛	+0⅛	−1⅛	15.88
CNE 12¾ 91	100	85⅞	86⅜	0	−2⅞	15.57
Citicorp O/S Fin. 10 86	300	80⅞	81⅜	+0⅜	−1⅜	15.57
Citicorp O/S Fin. 12 87	200	84⅜	85⅛	+0⅛	−2⅛	15.82
Con. Illinois O/S 9¾ 86	150	78⅞	79⅜	+0⅛	−2⅜	15.97
Dupont Canada 13½ 91	65	89⅜	90⅜	+0⅜	−2⅜	15.56
EEC 11 95 (August)	70	73½	75⅛	−0½	−2¼	15.54
EIB 12¾ 89	75	86⅜	86⅜	+0⅛	−2½	15.88
Eldorado 13¼ 86	50	91⅞	92⅜	+0⅛	−1⅜	15.65
Elec. de France 10 88	125	78	78½	+0½	−2⅜	15.74
Elec. de France 13 88	125	89½	90	+0⅛	−2⅜	15.52
Export Dv. Cpn. 9½ 86	150	80	80½	+0⅜	−1½	15.72
Fed. Bs. D. 12¼ 85 (N)	50	89⅛	89½	+0¼	−1⅜	15.58
Fin. Exp. Credit 10½ 85	50	83	83½	0	−1½	16.33
Finland, Rep. of 9½ 86	100	79	79½	+0⅛	−1½	15.83
Ford Credit O/S 14¾ 83	150	95½	96	+0⅛	−0⅜	16.65
Ford Cr. O/S Fin. 16 84	150	98⅛	98⅜	+0⅛	−1	16.68
Gaz de France 13½ 86	80	93½	94	+0½	−1¼	15.40
GMAC O/S Fin. 12 87	100	84⅜	84⅞	+0⅜	−2¼	15.95
GMAC O/S Fin. 12⅞ 88	100	86⅜	87¼	+0½	−3⅛	16.13
Gen. Mtrs. O/S 11⅜ 87	100	83½	84	+0⅛	−2⅛	15.91
Genstar 14⅜ 91	50	96⅜	97⅛	+0⅜	−0⅜	15.37
GTE Fin. 13⅜ 86 (WW)	50	93⅜	94⅛	+0½	−2⅜	15.62
Hudson's Bay 11½ 90	75	78⅜	78⅞	+0½	−3⅛	16.12
IBM Wld. Trade 12½ 88	200	90⅞	91⅜	+0½	−2	14.62
Newfoundland 13½ 90	80	88⅞	89⅜	0	−2⅜	15.84
Nova Scotia 10¾ 90	50	76⅜	77⅜	+0¼	−2⅜	15.63
OKB 10 85	50	82⅞	83⅜	+0⅜	−1⅜	15.76
Ontario Hydro 13½ 91	100	89½	90	+0½	−2⅜	15.57
Quebec Hydro 11½ 92	100	77	77½	+0⅜	−3⅛	15.99
Queb. Hy. 13 91 (WW)	100	86	86½	+0⅛	−2⅜	15.82
Royal Bk. Canada 14 86	100	95¼	95⅜	+0⅜	+3	15.35
SNCF 12⅜ 85	50	90⅜	91⅜	+0⅛	−2½	15.59
SNCF 13 91	75	89⅜	89⅞	+0⅛	−1½	15.06
Sth. California Ed. 14 87	50	94⅜	95⅜	+0¼	−1⅛	15.32
Sven Handelsbk. 13⅜ 88	45	91½	92	+0⅜	−2⅜	15.78
Sweden 12¼ 85	150	86⅞	87⅛	+0⅛	−2⅛	16.14
Swed. Ex. Credit 12 83	50	91½	92	0	−1⅜	16.31
Swed. Ex. Credit 13 86	75	89½	90	+0⅜	−1⅞	16.22
Toronto-Dom. Bk. 14 84	50	95⅜	95⅜	+0⅜	+0¼	16.01
Tribune O/S Fin. 14 86	50	93⅞	94⅜	0	−2	15.78
World Bank 9¾ 85	200	82½	83	+0⅛	−2	15.74
World Bank 10¼ 87	300	79½	80	−0⅛	−2⅜	15.61

Average price changes... On day +0⅛ on week −1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96⅛	96⅞	0	+0⅛	10.58
Austria, Rep. of 8¼ 92	150	87⅜	87⅞	−0½	−1⅞	10.13
CECA 7¾ 92	150	86⅜	87½	+0⅛	−0⅜	9.79
CECA 10 91	120	93⅜	100½	−0⅛	−2⅛	9.97
Cll-Honeywell 8½ 90	125	89½	90⅛	0	−0⅞	10.10
Council of Europe 10 91	100	98⅜	98⅛	+0⅜	+0⅞	10.20
EIB 8½ 90	200	88⅞	89⅜	−0⅜	−1⅜	10.32
EIB 10½ 91	200	100⅞	100⅞	+0⅛	−1⅜	10.41
ESCOM 9⅞ 87	100	92¼	93	+0½	−1	10.87
Finland, Rep. of 10 89	100	96⅜	97⅛	0	+0½	10.62
Iberduero SA 9 90	100	93¼	94	−0⅜	−1⅛	10.08
Ind. Bk. Finland 8½ 90	50	89	89¾	+0⅛	−0⅜	10.29
Int.-Am. Dv. Bk. 10 91	100	98⅛	99⅛	+0⅛	−0⅜	10.20
Japan Air Lines 8¾ 87	100	90⅜	91½	0	−1¼	10.05
Japan Dev. Bank 7⅜ 87	100	88⅛	88⅞	0	−1	10.16
Kobe, City of 8 90	100	88⅜	88⅞	−0⅛	−1½	9.96
Midland Int. Fin. 8½ 90	100	90½	91⅛	+0⅛	−1⅛	10.02
Nuclebras 9¾ 88	100	90⅜	91⅛	−0⅜	−0⅜	11.66
OKB 8¼ 92	150	86½	87½	−0⅜	−2⅞	10.27
Oslo City of 8⅜ 90	80	94⅜	96½	+0⅜	−0⅛	9.58
Venezuela, R. of 9¾ 90	150	93½	94⅜	−0⅛	−0⅜	10.79
World Bank 8 90	700	86	86⅜	−0⅜	−1⅜	10.35
World Bank 10 86	150	100½	101⅛	−0⅞	−0½	9.77

Average price changes... On day −0¼ on week −1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	95⅛	95⅜	+0⅜	+0⅛	7.15
BFCE 6½ 91	100	98	98⅛	+1	−1⅜	6.76
Bayer Int. Fin. 5¾ 92	100	89⅜	89⅞	−0⅜	−1½	6.57
Bergen, City of 6⅜ 91	40	†94	94½	+1	+0⅜	7.59
Bührm'Tetterode 7 90	40	†99	100	0	−0⅜	7.08
CECA 6⅜ 91	80	95⅜	95⅞	+0⅜	+0⅜	7.37
Denmark 5⅜ 90	80	84	84½	−1	−1½	8.29
Dome Petroleum 5¾ 91	100	92½	92⅜	−0½	−1½	6.80
Elet. de France 5¾ 90	100	90	91	+0⅜	0	6.54
Eurofima 5⅜ 92	80	†98	99	+0⅜	−0½	5.93
F. G. H. Hypo. Bk. 6 90	50	91⅛	91⅜	0	−1⅜	7.35
Finland, Rep. of 5⅜ 90	80	†85	86	−0⅜	−1⅜	7.88
Franc. Petroles 6½ 91	80	95⅜	95⅞	+0⅛	−0⅜	7.11
Genstar 7 91	100	99⅜	99⅜	0	0	7.07
Int.-Amer. Dv. Bk. 7 91	100	97⅞	98⅜	0	−0⅜	7.29
Japan Dev. Bank 5⅜ 90	100	91⅜	92	+0½	−1⅜	6.95
Mt. Blanc Tunnel 6½ 90	60	86⅜	86⅞	+0⅛	−2¼	7.52
Newaq 6⅜ 90	80	91⅛	91½	+0½	+0½	7.08
OKB 7 93	100	97⅞	98⅛	+0½	+0⅜	7.25
Oslo, City of 5⅞ 90	80	92⅜	93⅜	+0⅜	+2⅛	6.90
Philips Lamps 5¼ 92	100	88⅜	88⅜	+1⅛	+1⅜	6.74
Swed. Ex. Cred. 7¼ 91	75	97⅜	98	+0⅜	+1⅜	7.56
Trade Dev. Fin. 6⅜ 90	50	90	90¼	−1⅜	−0⅜	7.83
Voest-Alpine 5⅜ 90	80	†90	90½	0	−0⅛	7.21
World Bank 6 91	100	91	91½	−0⅜	−1	7.30
World Bank 7 90	100	99⅞	100⅜	+0⅜	+0⅜	7.00

Average price changes... On day +0⅜ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅜	93⅛	−0⅛	−0½	8.81
Australia 8½ 88	20	86⅜	87⅜	0	−0⅜	9.04
EIB 7¾ 89	12	93⅜	94⅜	+0⅛	+0⅛	8.74
Finland 5.6 83	10	92	93	−0⅛	−0⅛	8.05
Finland 6.8 88	10	87½	88⅞	0	+0⅜	9.13
Finland, Rep. of 8⅜ 87	15	98⅜	99⅜	0	−0⅛	8.56

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	89	90	0	+0⅛	13.57
CIBC 13½ 85 C$	50	92⅛	93⅛	+0⅛	−2⅛	16.12
CIBC 11½ 85 C$	60	87½	88½	0	−0⅜	15.57
Federal Dev. 11⅜ 90 C$	60	†81⅛	82½	+1	−0⅜	15.24
Fst. Can. Inv. 10 84 C$	60	†85	86	+0½	−0⅞	16.48
R. Bk. Canada 10 86 C$	40	98½	99½	0	−2⅜	13.12
Tordom Cpn. 13½ 85 C$	30	†92½	93⅜	+1	−1⅞	15.98
M. Bk. Dnmk. 9 91 EUA	25	90⅜	91½	−0⅛	+0⅛	10.45
SOFTE 8⅜ 89 EUA	40	87	88⅜	−0⅛	+0⅛	10.63
U. Bk. Nrwy. 9½ 90 EUA	18	97	98⅜	−0⅛	0	9.90
Algemene Bk. 10⅜ 86 Fl	80	95	95⅜	−0⅛	−1⅛	11.57
Bk. Mees & H. 10 85 Fl	75	96	96½	+0⅛	−0⅜	11.13
Heineken NV 10 87 Fl	100	93⅜	94⅛	−0⅛	−0⅜	11.35
Nat. Nedrlndn. 10 86 Fl	60	92½	93	−0⅛	−2⅛	11.58
Ned. Midd. Bk. 10 85 Fl	75	96⅛	96⅜	−0⅛	−0⅞	11.02
Pierson 10⅜ 86 Fl	50	95⅜	95⅜	−0⅜	−1	11.49
Air France 14¼ 86 FFr	200	97⅛	98⅛	0	+0⅜	14.97
Bk. America 14¼ 86 FFr	250	97½	98½	+0⅛	−0⅛	15.09
Charb'nages 13⅞ 85 FFr	400	96⅞	97⅜	+0⅛	−0⅛	14.63
EIB 14¼ 88 FFr	300	97⅛	98½	0	−0⅜	14.58
La Redoute 14¼ 85 FFr	125	95⅜	96⅜	0	0	15.70
OKB 14 86 FFr	400	97⅛	98½	−0⅛	−0⅞	14.56
Solv. et Cie 14¾ 86 FFr	200	102	103	+0⅛	−0⅜	13.97
Swed. E. Cr. 14¾ 86 FFr	250	97⅜	98⅜	0	0	15.32
U. Mex. Sts. 14 85 FFr	150	96⅜	97⅜	+0⅛	−0⅛	15.06
Acona 14 85 £	20	94⅜	95⅜	−0⅛	−1⅛	15.61
Beneficial 14½ 90 £	20	91	91⅜	−0⅛	−2⅛	16.02
BNP 13½ 91 £	15	94	94⅜	0	−1⅛	14.58
CECA 13½ 88 £	20	94⅜	95⅜	0	−1½	14.62
Citicorp O/S 13½ 90 £	50	94⅜	95	+0⅛	−1⅛	14.59
Fin. Ex. Cred. 13⅜ 86 £	15	96⅜	97⅜	−0⅛	−1⅜	14.70
Gen. Elec. Co. 12⅜ 89 £	50	92	92⅜	0	−1⅜	14.15
Hiram Walker 14⅜ 86 £	25	96⅛	97	+0⅛	−1⅛	15.25
Privatbanken 14⅛ 86 £	12	95	95⅜	+0⅛	−1⅛	15.62
Rothschild 14⅛ 90 £	12	96⅛	97	−0⅛	−1⅛	14.90
Royal Trustco 14 86 £	12	98⅛	98⅞	−0⅛	−1	14.41
Swed. Ex. Cr. 13⅜ 86 £	20	96⅜	97⅜	−0⅛	−1	14.66
Banobras 8⅜ 90 KD	7	†90	90½	−1½	−1½	9.94
CCCE 8⅜ 91 KD	10	†82⅜	83⅜	−1	−1	11.03
Sonatrach 8½ 90 KD	12	†93	93½	−1⅛	−1⅛	9.66
Akzo 9⅜ 87 LuxFr	500	85	86	−0⅛	−1⅛	12.63
Euratom 9⅜ 88 LuxFr	500	89⅜	90⅜	0	−0⅛	12.01
Eurofima 10½ 87 LuxFr	500	93⅜	94⅜	0	+0⅛	11.91
EIB 9⅜ 88 LuxFr	600	90⅜	91⅜	−0⅛	−0⅞	11.83
Volvo 9⅜ 87 LuxFr	500	86⅜	87⅜	0	+0⅛	12.79

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0⅜	98⅜	99⅜	2/7	16⅜	16.81
Bank of Montreal 5¼ 90	0⅛	98⅜	99⅜	18/8	19⅜	19.67
Bank of Tokyo 5⅜ 89	‡0⅛	97⅜	98⅛	25/7	16½	16.82
BBL Int. 5 86	0⅜	99⅜	99⅜	20/6	16½	16.60
BNP 5½ 88	‡0½	98⅜	99⅜	29/7	16.44	16.62
CNT 5¼ 86	§0⅜	98⅞	99⅜	16/10	16.81	16.98
Christiania Bk. 5½ 91	‡0⅛	97⅛	97⅜	5/8	17.31	17.73
Citicorp O/S F. 84	‡0	98⅜	99⅜	30/5	16⅞	17.02
C. Itoh 5⅜ 87	0⅜	98⅜	99⅜	18/8	15.44	15.69
Co-operative Bk. 6 86	0⅜	98⅛	98⅜	15/5	15⅜	15.48
Den Norske Credit 6 90	‡0⅛	98⅜	98⅜	5/8	17.31	17.60
Genfinance 5⅜ 87	0⅜	98⅜	99⅜	30/10	16.94	17.17
Giro und Bank 5⅜ 91	‡0⅛	97⅛	97⅜	23/8	14.06	14.42
GZB 5½ 89	‡0⅛	98⅜	98⅜	1/8	17.31	17.60
Ind. Bank Japan 5⅜ 87	0⅜	98⅜	98⅜	15/10	17.06	17.32
Ind. Bank Japan 5⅜ 88	0⅜	98	98½	9/10	16.44	16.73
Lloyds Eurofin 8 90 £	0⅛	96⅜	97⅛	3/7	14½	14.97
Lloyds Eurofin 5⅜ 92	0⅛	98⅜	98⅜	4/8	17⅛	17.53
LTCB Japan 5⅜ 85	0⅛	99⅜	100	13/6	20.19	20.24
Man. Hanov. O/S 5⅜ 94	‡0⅛	98⅜	98⅞	30/5	17	17.24
Midland Int. Fin. 5⅜ 92	0⅛	98	98½	5/6	17.19	17.49
Midland Int. Fin. 8 91	0⅛	97⅜	97⅞	30/10	16.81	17.22
Nacional Fin. 6⅜ 86	0⅜	98⅜	99	25/7	17⅜	17.97
Nacional Fin. 5½ 88	0⅜	96⅜	97	25/9	14⅞	15.37
Nat. Bk. Canada 5⅜ 88	0⅛	96⅞	97⅜	24/9	14½	14.93
Nat. West. 5⅜ 94	§0⅜	97	97⅜	14/10	16.19	16.65
Nat. West. 5⅜ 92	§0⅜	97⅜	97⅜	23/10	16.81	17.24
Pemex 6 91	0⅜	96½	97	8/10	15.31	15.83
Sparebanken 6 87	0⅜	99	99½	19/6	19⅞	20.03
Standard Chart. 5⅜ 90	0⅜	98⅜	98⅜	3/9	17.06	17.32
Svenska Hndlsbk. 5 87	0⅜	98⅜	99⅜	15/7	17.81	17.99

Average price changes... On day 0 on week −0⅞

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	96⅜	97⅜	−0⅛	29.19
Canon 6⅜ 95	1/81	829	139⅜	140⅜	−0⅛	2.73
Credit Suisse 4⅜ 93	10/79	1236	88⅜	89⅜	−0⅛	−1.90
Digicon Fin. 8½ 95	10/81	29.5	114⅜	115⅜	+5⅛	−0.60
Hanson O/S Fin. 9⅜ 96	8/81	2.74	91⅜	92⅜	−0⅛	2.64
Ina Overseas 8⅜ 2000	4/81	42	101	102½	−0⅜	1.15
Inchcape Ltd. 8 95	2/81	4.55	90⅜	92⅜	−0⅛	−0.65
Kotobukiya Co. 7 96	4/81	619	†92⅜	93⅜	−1⅛	−9.44
Marion Int. Fin. 9 95	12/80	15.5	82⅜	83⅜	−0⅛	33.59
Matsushita El. 7½ 95	11/80	590	104⅜	105⅜	+0⅜	−6.07
MEPC 8⅜ 96	2/81	2.47	95	96⅛	−0⅛	14.74
Niigata Eng. 7½ 96	1/81	327*	†102	104	+2	20.09
Nissho-Iwai Co. 8 96	10/80	386	†76	78	+2	0.42
Ricoh 6⅜ 95	9/80	604	119⅜	120⅜	−3⅛	−3.21
Sumitomo M. Ind. 7 95	2/81	181	119⅜	120⅜	−3⅛	−2.50
Swiss Bk. Cpn. 6⅜ 90	9/80	200	74⅜	76⅜	+2⅛	16.89
Taylor Woodrow 8⅜ 90	1/81	4.34	106⅜	108	−0⅛	0.70
Tokyu Land Cpn. 7⅜ 96	4/81	325	99⅜	100⅜	−0⅛	2.31
Transco Int. 8⅜ 95	2/81	68	81⅜	82⅜	+0⅜	22.20
Tricorp 8½ 95	12/80	31.25	81⅜	82⅜	−0⅜	28.13
Union Bk. Switz. 5 89	2/80	70.79	74⅜	76⅜	+0⅛	6.69
Fujitsu 5 84 DM	7/79	431.5	183	184	+2⅛	−1.17
Sharp Cpn. 6½ 88 DM	9/80	696	158⅜	159⅜	−2⅜	−3.19
Uny Co. 6½ 85 DM	11/79	879.3	105⅜	106⅜	−0⅞	−2.79

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Estel sees opening quarter as low point in trading cycle

BY CHARLES BATCHELOR IN AMSTERDAM

THE FIRST quarter of 1981 represented a low point for the Dutch steel making group, Estel Hoesch Hoogovens, and the company expects to stage some sort of recovery in the current three months.

Overall this year, Estel hopes to reduce its losses having incurred a record net loss of Fl 488.1m ($194m) in 1980. The second quarter loss will be "considerably lower" than that of the first but the company's performance in the second half will nonetheless still "depend on measures taken within the EEC to support steel prices."

Estel made an operating loss of Fl 123.6m in the first 1981 quarter compared with a profit of Fl 2.1m in the preceding quarter and profit of Fl 56.1m in the first quarter of 1980.

At the pre-tax level the first quarter loss was Fl 234.7m, less than the Fl 269.5m in the preceding quarter, when provisions were made for restructuring, but sharply higher than the Fl 59.7m loss in the first 1980 quarter.

Turnover was Fl 3.26bn ($1.3bn), 3 per cent lower than the preceding quarter and 10 per cent down on the same 1980 quarter. Crude steel production was 2.37m tonnes, 9 per cent higher than the preceding quarter but 12 per cent down on the same 1980 quarter.

The company's West German plants concentrated in Dortmund accounted for two-thirds of the 1980 loss, though they reduced their relative share in the first 1981 quarter.

Estel's restructuring plans for Dortmund will go before the company's German supervisory boards within the next six weeks, said Dr. Detlev Rohwedder, the deputy chairman. Capacity will be reduced to 4.2m tonnes by the end of the 1980s from a peak of 7.2m tonnes.

Payout raised by National Bank of Australasia

BY OUR SYDNEY CORRESPONDENT

THE NATIONAL Bank of Australasia, one of Australia's major trading banks, increased its operating profit for the six months to March 31 by 38.7 per cent, from A$36m to A$49.94m (U.S.$57.3m), and the directors have recommended a substantial increase in dividend. Net profit, including extraordinary items, was up 38.4 per cent to A$51.4m.

The results come three days after the Australia and New Zealand Banking Group announced a 33.7 per cent earnings lift to A$88.05m and a higher interim dividend.

The National Bank is to pay 11 cents a share to shareholders, compared with 9 cents in the previous corresponding term, while ANZ shareholders will receive a dividend of 14 cents a share, against 12 cents.

The banks' results come at a time when the structure of Australian banking is under scrutiny, against the background of the takeover offer for the Commercial Bank of Australia by the ANZ, which, it is thought, could trigger a round of merger attempts within the industry.

The National's tax bill jumped 57 per cent, from A$26m to A$40.8m. The leap in profit, like that at the ANZ stems largely from the trading bank side. Banking profits rose by 43.4 per cent, from A$27.4m to A$39.3m in the six months. No split has been given between the trading bank and the savings bank figures, but it is clear that the trading bank contributed the lion's share.

Earnings gain for BIL

BY JOHN MAKINSON

BANQUE Internationale a Luxembourg (BIL) reports higher profits for 1980 despite a steep increase in its provisions charge.

Net profits rose by almost 10 per cent to LuxFr 319.7m ($9m) after the net provisions charge had more than doubled to LuxFr 436.1m ($12.2m). According to the bank the provisions were made principally against risks on domestic business.

Total assets rose by 27 per cent to LuxFr 132.3bn ($3.7bn) over the year. The sharp rise resulted largely from a 35 per cent increase in deposits by non-banks.

Video boom lifts JVC earnings by 80%

By Yoko Shibata in Tokyo

VICTOR COMPANY of Japan (JVC), a leading electronics group, reports a rise of more than four-fifths in earnings for the year ended March 1981 and expects further sharp growth during the current 12 months.

Helped by a strong rise in demand for home-use video tape recorders (VTRs) where sales rose by two-thirds to account for half of total turnover, JVC's earnings last year surged upwards by 82.1 per cent to Y14.4bn ($66.7m) on a non-consolidated basis.

This year the company, which is part of Matsushita, plans to step up production of VTRs to 150,000 a month from the present 100,000 units. It expects net earnings in 1981-82 to increase by a quarter to Y18bn.

Non-consolidated operating profits rose by 65.7 per cent to Y32.29bn, which was Y200m ahead of target on sales of Y361.79bn, up 42.4 per cent. Per share profits advanced to Y82.96 from Y53.73. The dividend is going up by Y1.25 a share to Y6.25.

Exports, centred on VTRs, colour television sets and audio equipment, gained sharply by 68 per cent to account for 65 per cent of total turnover. Demand outstripped production of some types of VTRs.

A strong increase in sales of value-added products, together with an increase in net financial income, outweighed negative factors such as exchange losses.

JVC's operating profits for this year are projected at Y40bn, up 23.8 per cent, on sales of Y460bn, up 27 per cent. It is scheduled to market the VHD (video high density) video disc in the current year.

Amro expects to hold first half profits

By Our Financial Staff

AMSTERDAM - Rotterdam Bank expects first half 1981 profits to emerge broadly in line with the Fl 143m achieved in 1980.

Business volume rose to Fl 99.5bn at the end of the first quarter compared with Fl 87.3bn at the end of 1980, the bank said in its prospectus for a Fl 100m financing exercise. Interest margins remained depressed in the early months of the year, and for the first half the AMR expects them "not to match" the levels of the corresponding 1980 period.

Charles Batchelor analyses the benefits of Fokker's link with McDonnell Douglas

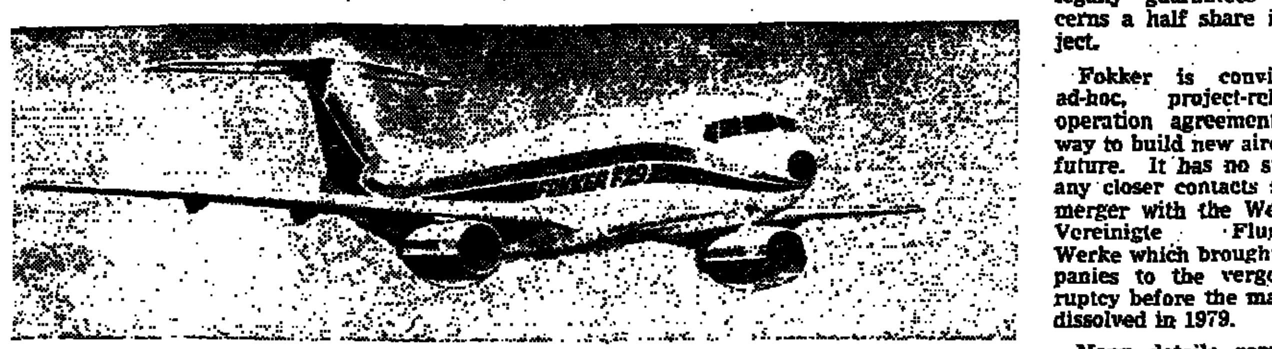
Fokker takes on a new co-pilot

FOKKER and McDonnell Douglas of the U.S. appear to have stolen a march over their competitors with Monday's annoucement that they will co-operate in producing a 150-seat airliner to be known as the MDF-100. The potential market for the new aircraft, which should go into service in 1986, has been put as high as 2,000 over the next decade with a similar number in subsequent years.

The American link is a welcome development for the Dutch group, which has been urgently looking for a third civil airliner to complete its current programme. Both its existing aircraft are now selling well, but the turboprop F-27 is more than 20 years old and the F-28 jet, while 10 years younger, has not achieved the expected volume of sales.

Mrs. Frans Swarttouw, Fokker's chairman, believes the company must more than double in size if it is to remain a viable aircraft manufacturer. Fokker last year sold 47 aircraft for a turnover of Fl 1.13bn ($460m), which is a fraction of sales of its major competitors.

The company has been working on a successor aircraft to the F-27 and F-28 for several years. Originally conceived as a super version of the F-28 the new airliner has grown in size, become more sophisticated, incorporating advanced technology to reduce fuel consumption and engine noise and been renamed the F-29. The design of this aircraft will now be amalgamated with that of McDonnell Douglas' proposed DC-11.



An artist's impression of the Fokker F29 advanced technology aircraft

Together the two companies will need to raise $1bn to develop the new plane, though Fokker will still require Dutch government aid, which will take the form of a loan to be repaid in royalties on each aircraft sold.

McDonnell Douglas is in some ways the ideal partner for the Dutch group for a number of reasons. It is a privately owned aircraft manufacturer free from what Fokker sees as the political restraints imposed on an international consortium such as the European Airbus.

McDonnell Douglas has experienced setbacks in civil aviation in recent years. Its image has been dented by a number of DC-10 crashes and the civil aircraft division, unlike the military side, has made losses recently. In one sense McDonnell Douglas needs Fokker as much as Fokker needs it.

A further advantage of McDonnell Douglas over both Airbus and the Japanese companies with which Fokker also has been talking is the opening it provides into the American market which accounts for half of the world's aircraft sales. The decision to set up parallel production lines in Amsterdam and Long Beach, California, means McDonnell Douglas can sell the MDF-100 as a "Made-in-America" product while Fokker can sell a "European" aircraft to its customers.

Additional risk-sharing partners are welcome to join the Fokker-McDonnell Douglas consortium though both Airbus and Boeing, which are developing their own 150-seat airliners, now appear unlikely candidates.

The Dutch group hopes for a considerable expansion of its activities over the next five to 10 years. Its 8,500-strong workforce is expected to increase to 12,000 by the mid-1980s; 50 MDF-100s are expected to roll off the assembly line each year; and production of the F-27 and F-28 should increase from 12 a year each to 36 and 24 aircraft respectively in 1985.

Fokker's management has dismissed fears expressed by the unions that McDonnell Douglas—13 times larger than the Dutch company in turnover terms—will dominate the partnership. This week's agreement legally guarantees both concerns a half share in the project.

Fokker is convinced that ad-hoc, project-related co-operation agreements are the way to build new aircraft in the future. It has no stomach for any closer contacts such as its merger with the West German Vereinigte Flugtechnische Werke which brought both companies to the verge of bankruptcy before the marriage was dissolved in 1979.

Many details remain to be agreed. The MDF-100 is expected to fly for the first time in 1983 and go into service three years later. The two design teams must reach a compromise on the aircraft's specifications and launch customers must then be found.

However, a number of airlines, including United, the biggest domestic U.S. carrier, and Delta have already told the manufacturers what sort of an aircraft they need and there is widespread agreement that there is a very large market for a 150-seat airliner over the next 20 years.

SKF boosted by growth in roller bearings sector

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S SKF group reports an earnings advance of just under 5 per cent for the first quarter. A pre-tax profit of SKr 255m ($53m) was achieved on sales of SKr 3.37bn ($702m), thanks to an improvement in the profit margin on the dominant roller bearings operation.

Bearings contributed SKr 247m of earnings, a climb of SKr 76m over the result for the first quarter last year, giving a margin against sales of 9.7 per cent compared with 7.2 per cent. Bearings sales rose by more than 6 per cent, while group sales as a whole moved up by little more than 3 per cent.

Earnings on steel products tumbled from SKr 39m in the first three months of last year into a SKr 16m loss with sales falling by SKr 15m to SKr 570m. With unchanged sales of SKr 140m the cutting tools operation remained just in the black with pre-tax income of SKr 1m against SKr 12m.

In its last shareholders' report SKF forecast that sales growth in 1981 would be within the 5-10 per cent range and that a "modest" decline in earnings could be expected.

Winterthur financing plan

BY OUR FINANCIAL STAFF

SWISS insurance group, Winterthur, plans to raise SwFrs 10m through an issue of participation certificates.

The funding exercise is announced in conjunction with the company's 1980 results which show a modest rise in net profits — of SwFrs 2m to SwFrs 62.4m—and an unchanged gross dividend of SwFrs 46 a share.

Winterthur's underwriting result for last year is described as "disappointing." However, investment income rose strongly.

AEG prepares ground for capital increase

By Kevin Done in Frankfurt

AEG-TELEFUNKEN, the financially ailing West German electrical and electronics group is understood to be preparing to ask shareholders to approve the creation of DM 250m of new authorised capital to open the way for a further injection of financial support. Authorised capital at present stands at DM 86m. This was approved in 1976 and the approval only runs to July this year.

Despite improvements in its trading position last year AEG-Telefunken still ran up a balance sheet loss of around DM 300m last year.

Its financial position is still weak despite the provision of DM 930m of new equity capital in an unprecedented rescue at the beginning of last year launched by West German banks, insurance companies and leading industrial groups.

The banks are now thought to hold about 50 per cent of the AEG equity following the rescue of the company 17 months ago. They have already had to take major write-downs on the shares they took up in the AEG in the rescue.

State to sell its 16.6% Montedison equity stake

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government's plans to reorganise the country's troubled chemical industry have taken a major step forward with the announcement of plans to return Montedison, the biggest Italian chemical concern, entirely to private hands.

Hitherto ultimate control of Montedison has rested with a syndicate of major shareholders owning 34 per cent of its L355.7bn ($316.5m) capital, and within which private and public sectors are equally represented.

Now, however, Sig. Gianni de Michelis, the Minister for State Shareholdings, has announced that negotiations are under way for the sale of the 16.6 per cent of Montedison held by the state corporations IRI and ENI, and by the publicly owned Sogam financial company, to a consortium of private shareholders. This latter represents the leading names of Italian industry and is headed by Mediobanca, the Milan-based merchant bank.

The consortium is likely to embrace not only Fiat's Agnelli family and the Pirelli family, but other emerging leaders of the private sector including the Bonomi Group and the Brescia-based steel magnate Sig Luigi Lucchini.

The move is of great importance, both symbolically and in practical terms since it is likely to lead to a considerable injection of new capital to restore Montedison, which is once more afflicted by the downturn in the world chemical industry, to financial health.

Its symbolic significance lies in the fact that, assuming the project goes through, it will close the last chapter in Italy's "chemical war" of the 1970s.

Instead it will seal the intention of the Government to divide the sector into two broad groupings: one private, centred on Montedison, and the other publicly-owned, clustered around ENI.

Of greater immediate relevance is that the scheme being worked out is expected to pave the way for the much rumoured, but thus far unfinalised, capital raising operation for Montedison.

Further rise seen by Dutch insurer

By Charles Batchelor in Amsterdam

A FURTHER increase in net profits is forecast for this year by Nationale-Nederlanden (NN), the largest Dutch insurance group, after the 18 per cent increase, to Fl 356m ($141m), in 1980.

The company will, it is said, at least maintain profits per share and its dividend rate on share capital which may rise by up to 5 per cent as a result of optional stock dividends.

Profits per share rose 14 per cent in 1980 to Fl 21.71, while the dividend was raised to Fl 6.75 from Fl 5.77, on capital increased by 14 per cent. Revenues rose by 16 per cent to Fl 8bn ($3.2bn).

NN expects 1981 to be a difficult year, with the sluggish housing market reducing demand for mortgage-linked life insurance. The depressed state of the Dutch economy has reduced demand for non-life insurance.

Foreign life business will continue to grow, it is said, and will make a strong contribution to the results, but prospects for non-life business in NN's important North American and British markets are not good. There are no signs of an improvement in the reinsurance market.

The company's consumer lending activities, which produced a loss of Fl 5m in 1980, may remain in the red this year, but will show a profit in 1982 at the latest. Interest earnings, which together with earnings on non-insurance activities produced in 1980 Fl 126m of the Fl 547m operating profit, will boost this year's result too. The firm dollar and sterling were an additional stimulous to the investment result in 1980, but the currency outlook for 1981 is being treated with caution.

The share of international business in the group's premium income continued to grow in 1980 to 37 per cent from 30 per cent of life business and to 51 per cent from 46 per cent for non-life.

Hongkong Bank rights issue

By Adrian Boven in Hong Kong

HONGKONG and Shanghai Banking Corporation yesterday said investor response to its HK$ 2bn (US$ 369m) three-for-20 rights issue had been "very good" and that applications for excess shares far exceeded the number available.

The bank did not release figures, but said that allotment for excess shares would be made by ballot and that only applications for less than one board, or stock market, lot of 400 shares would go to ballot, in accordance with a statement in its rights issue document that such applications would be favoured.

The rights issue is the largest made in Hong Kong and is payable in two equal calls, with the first call due on acceptance and the second on October 22. The bank said in March that the issue was designed to bring the capital base in line with the growth in assets.

UBS increases holding in Kaufhof to 26.3%

BY KEVIN DONE IN FRANKFURT

UNION BANK of Switzerland has boosted to 26.3 per cent its shareholding in Kaufhof, West Germany's second largest retailing group, with sales in 1980 of DM 8.6bn ($3.8bn).

In December last year the UBS and Metro, the big privately owned wholesale cash-and-carry group, which has worldwide sales estimated at around SwFr 18bn ($8.73bn) each bought 24 per cent of the Kaufhof equity in parallel deals with Dresdner Bank and Commerzbank of Germany.

Under a heavy squeeze on their profitability, the West German banks decided to dispose of large parts of their Kaufhof holdings, which were picked up in the 1930s. Commerzbank sold a 32 per cent holding and Dresdner Bank disposed of 16 per cent

UBS was also granted an option to buy further shares from Commerzbank to build its stake to a blocking minority of more than 25 per cent. This option has now been exercised.

The deal is still under investigation by the West German cartel authorities, who are trying to prove that there has been collusion between Metro and UBS, which is Metro's main banker.

Under German competition law a takeover of 25 per cent or more would come under the immediate scrutiny of the Federal Cartel Office. Under a special clause banks are able to take such a stake in companies for up to a year, however, as long as they state that the purchase is to be passed on to a third party.

The Cartel Office's suspicions were aroused when the parallel deal was announced in December. Three days earlier Metro had approached the authorities with the intention of buying a majority in Kaufhof, only to be told this would be looked on with disfavour.

Investigations have been under way since last December and have included searches of Metro offices in Germany and also the search of the private houses of some Metro private shareholders in Germany. The Cartel Office said the investigations were likely to run for at least another two months.

Metro representatives are expected to be voted on to the Kaufhof supervisory board at the July 15 annual meeting.

SSIH to reveal recovery plan

BY JOHN WICKS IN ZURICH

SSIH, Switzerland's second biggest watch group, is to announce measure to help solve its financial difficulties on May 20.

These are expected to include *some form of co-operation with* Asuag, the leading Swiss watch and watch component manufacturer. In February this year the two groups said they would look at "all possibilities for appropriate collaboration" as a means to counter a liquidity crisis at SSIH.

An agreement between Asuag and SSIH, which together account for about half of total Swiss watch industry exports, *is understood to have been* urged by a consortium of six banks which granted aid to SSIH last December.

SSIH has already said it expects a "substantial loss' for 1980. In the first seven months of last year group losses amounted to SwFr 42m ($20.3m). Turnover was down by about 7 per cent in the first ten months.

In March, SSIH sold two of its Swiss production subsidiaries—*Lemania-Lugrin and Economic* Swiss Time. The group's low-price output particularly had been responsible for its recent losses and SSIH now intends concentrating activities on its best-known brands, Omega and Tissot.

Sandoz lifts first quarter sales

BY OUR ZURICH CORRESPONDENT

SANDOZ, the Swiss pharmaceuticals, chemicals and foods group, known for its Ovaltine nightcap drink, has improved sales by 20 per cent in the first quarter of 1981

Drug sales rose by 22 per cent while gains of 27 per cent and 21 per cent respectively were recorded by the seeds and foods divisions. Agro-chemicals were 9 per cent ahead, while dyestuffs, the second most important Sandoz product after pharmaceuticals, showed an advance of only 6 per cent.

Sandoz has set "ambitious targets" for its pharmaceutical activities in 1981. Dr. Yves Dunant, the chairman, said in Basle that pharmaceutical sales might this year account for more than 50 per cent of turnover, largely as a result of demand for newly-developed pharmaceutical products, a number of which are in an advanced stage of clinical testing. Pharmaceuticals accounted for 48 per cent of sales in 1980.

In 1980 sales at Sandoz rose by 10 per cent, and net profits partially recovered, with a gain of 17 per cent to SwFr 202m ($98m). Three years earlier, net earnings totalled SwFr 214m.

Since there are no signs of a nimprovement in the world textile industry, Sandoz views the 1981 outlook for dyestuffs "with reserve." Agro-chemical business is expected to expand at a slower rate than last year.

The seed division has been performed more strongly, helped by the improvement in U.S. agricultural markets.

In foods, the company plans to strengthen its position in special diet products.

Taiping Textiles profits hit by increased costs

BY WONG SULONG IN KUALA LUMPUR

HIGHER PRODUCTION costs have eroded profit margins of Taiping Textiles, one of the largest Malaysian textile companies, which has reported a 10 per cent fall in earnings to 6.7m ringgit (U.S.$2.9m), on an 8 per cent increase in turnover, to 56m ringgit (U.S.$24m) for 1980.

The profit was not subject to tax, the company said, as claims for higher depreciation allowances and other tax incentives exceeded the taxable profit.

An unchanged 10 per cent dividend is declared, on capital enlarged by a one-for-four scrip issue last year to 28m ringgit.

Last month, the Sung Family of Hong Kong reached agreement with *a Bumiputra (Malay)* syndicate to sell its 40 per cent stake in the company. The Malay group, Ginagini, will pay 40m ringgit in cash for the 11.25m shares, or 3.6 ringgit per share.

● Matsushita Berhad, the Malaysian offshoot of Matsushita Electrical Industrial, of Japan, has announced another record profits year, despite an earlier forecast of a squeeze on earnings.

For 1980 the company's trading profit rose by 40 per cent to 15m ringgit (US$6.5m). The share of profits from its associated companies was 56 per cent higher, at 2.8m ringgit. After-tax earnings rose 50 per cent to 8.2m ringgit.

New Zealand finance groups show gains

By Dai Hayward in Wellington

IMPROVED BUSINESS confidence is reflected in substantial improvements in the annual results of several New Zealand finance houses and banks. The ANZ Banking Group (NZ) doubled its after-tax profit to NZ$13m (U.S.$11.7m) in the half year to March in line with the forecast made earlier by Mr. L. M. Papps, the chairman.

CBA Finance Holdings achieved a 63 per cent jump in net profit for the year ending March 31, to NZ$1.4m. This is the first full year results in which CBA has had the benefit of its 51 per cent holdings in Transvision, the television rental company. The profit was struck after providing NZ$770,000 for tax and NZ$3.3m for depreciation. Total assets of the company increased by 67 per cent to NZ$43m.

BNZ Finances raised its net profit for the year to March 31 by 40 per cent to NZ$1.6m. This record profit came after providing NZ$1.5m for tax.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 6, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	4.7598
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.371
	Sp. Peseta	90.81
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso	3171.00
Australia	Dollar	0.8753
Austria	Schilling	15.9765
Azores	Port. Escudo	60.12
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	90.81
Bangladesh	Taka	14.0892
Barbados	Dollar	2.01
Belgium	Franc (C)	36.836
	Franc (F)	38.07
Belize	Dollar	2.00
Benin	C.F.A. Franc	268.55
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.33
Bolivia	Peso	24.51
Botswana	Pula	0.8135
Brazil	Cruzeiro	82.73
Brunei	Dollar	2.136
Bulgaria	Lev	0.91
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	268.55
Canada	Dollar	1.1977
Canary Is.	Sp. Peseta	90.81
Cape Verde	Escudo	36.51
Cayman Is	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	268.55
Chad	C.F.A. Franc	268.55
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7127
Colombia	Peso (O)	52.99
Comoros	C.F.A. Franc	268.55
CongoP'ple.Rep.of	C.F.A. Franc	268.55
Costa Rica	Colon (O)	8.60
Costa Rica	Colon	21.04
Cuba	Peso	0.7313
Cyprus	Pound*	2.4143
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.125
Djibouti Rp. of	Franc	176.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.12
Egypt	Pound*	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	181.62
Ethiopia	Birr (O)	2.0543
Faeroe Is.	Dan. Krone	7.125
Falkland Is.	Pound*	2.1175
Fiji	Dollar	0.8438
Finland	Markka	4.263
France	Franc	5.371
Fr. Cty in Af.	C.F.A. Franc	268.55
Fr. Guiana	Franc	5.371
Fr. Pac. Is.	C.F.P. Franc	91.6715
Gabon	C.F.A. Franc	268.55
Gambia	Dalasi	1.889
Germany (E)	Ostmark (O)	2.2595
Germany (W)	Mark	2.2595
Ghana	Cedi	2.75
Gibraltar	Pound*	2.1175
Greece	Drachma	54.93
Greenland	Dan. Krone	7.125
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.371
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.0266
Guinea Rep.	Syli	20.7741
Guyana	Dollar	2.606
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.426
Hungary	Forint	32.55
Iceland	Krona	6.527
India	Rupee	8.33
Indonesia	Rupiah	629.00
Iran	Rial (O)	77.15
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.6205
Israel	Shekel	9.27
Italy	Lira	1125.50
Ivory Coast	C.F.A. Franc	268.55
Jamaica	Dollar	1.7834
Japan	Yen	217.16
Jordan	Dinar	0.3285
Kampuchea	Riel	n.a.
Kenya	Shilling	8.5418
Kiribati	Aust. Dollar	0.8753
Korea (Nth)	Won	0.94
Korea (Sth)	Won	678.10
Kuwait	Dinar	0.2767
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.1732
Lesotho	Loti	0.8278
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0598
Luxembourg	Lux Franc	36.835
Macao	Pataca	5.5873
Madagascar D. R.	Franc	268.55
Madeira	Port. Escudo	60.12
Malawi	Kwacha	0.8903
Malaysia	Ringgit	2.327
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	537.10
Malta	Pound*	2.562
Martinique	Franc	5.371
Mauritania	Ouguiya	53.71
Mauritius	Rupee	8.4156
Mexico	Peso	23.27
Miquelon	Fr. Franc	5.371
Monaco	Fr. Franc	5.371
Mongolia	Tugrik (O)	3.3556
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.0956
Mozambique	Metica	28.17
Namibia	S.A. Rand	0.8278
Nauru Is.	Aust. Dollar	0.8753
Nepal	Rupee	12.00
Netherlands	Guilder	2.5115
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1249
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	268.55
Nigeria	Naira (O)	0.5986
Norway	Krone	5.601
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6734
Paraguay	Guarani	126.00
Peru	Sol	408.80
Philippines	Peso	7.795

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.1249
Poland	Zloty (O)	31.00
Portugal	Escudo	60.12
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr.Franc	5.371
Romania	Leu	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.1175
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.371
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0072
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1125.50
Sao Tome & Pricipe DR	Dobra	38.0805
Saudi Arabia	Riyal	3.3617
Senegal	C.F.A. Franc	268.55
Seychelles	Rupee	7.0015
Sierra Leone	Leone	1.504
Singapore	Dollar	2.136
Solomon Is.	Dollar	0.8753
Somali Rep.	Shilling	6.295
South Africa	Rand	0.827
Spain	Peseta	90.81
Span. Ports in N. Africa	Sp. Peseta	90.81
Sri Lanka	Rupee	18.5596
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8278
Sweden	Krona	4.8635
Switzerland	Franc	2.0595
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.17
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	268.55
Tonga Is.	Pa'anga	0.8753
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.4957
Turkey	Lira	99.18
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8753
Uganda	Shilling	8.1295
Utd. A'b. Emir.	Dirham	3.6719
Utd. Kingdom	Pound Sterling*	2.1175
Upper Volta	C.F.A. Franc	268.55
Uruguay	Peso	10.55
U.S.S.R.	Rouble	0.749
Vanuatu	Vatu (5)	84.804
Vanuatu	Aust. Dollar	0.8753
Vatican	It. Lira	1125.50
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Tala	1.0288
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	33.0867
Zaire Rp.	Zaire	5.68
Zambia	Kwacha	0.862
Zimbabwe	Dollar	0.6667

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanuatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.

Dollar firm

Dollar rose sharply in late European trading yesterday, following news that the U.S. Federal Reserve had acted to drain reserves from the New York money market, when Federal Funds were trading at 18¼ per cent. This reinforced the dollar's advance after the German Bundesbank decided to leave interest rates unchanged earlier in the day. Interest rates again dominated market sentiment, with the U.S. currency underpinned by the strength of Eurodollar rates.

Sterling showed little change on balance against major currencies, but fell to its lowest closing level for 18 months in terms of the dollar.

European currencies resumed their downward trend against the dollar, but there was no sign of increased strain within the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) rose to 105.0 from 104.6. The dollar rose to DM 2.2730 from DM 2.2580 against the D-mark, to Y217.90 from Y216.85 in terms of the Japanese yen, and to SwFr 2.0760 from SwFr 2.0625 against the Swiss franc.

STERLING — trade-weighted index (Bank of England) unchanged at 98.9, after opening at 98.7, and rising to 98.9 at noon. The pound opened at $2.1100-2.1110, and touched a peak of $2.1150-2.1160. It fell to a low of $2.1000-2.1020 in thin trading, and closed at $2.1030-2.1040, a fall of 1.35 cents on the day, and the lowest close since November 1979. On the other hand sterling rose to DM 4.7850 from DM 4.7825, and was unchanged at SwFr 4.3675. It fell to FFr 11.3050 from FFr 11.3250, and to Y458.50 from Y459.25.

D-MARK — Strongest member of the European Monetary System, but weaker against the dollar because of the firmer trend in U.S. interest rates. Recent speculation has centred around a possible rise in key German interest rates, but the important special Lombard facility remains at 12 per cent. The latest economic figures have also tended to work in favour of the dollar, but Poland has faded as a significant market factor—The D-mark showed mixed changes at the Frankfurt fixing ahead of the outcome of the German central bank council meeting. There was nervousness that interest rates would increase because of the sharp rise in U.S. rates but the discount rate and special Lombard facility were unchanged. The Bundesbank bought $6.95m at the fixing, as the dollar fell to DM 2.2652 from DM 2.2695. Sterling eased to DM 4.78 from DM 4.7820, and the Swiss franc to DM 1.0963 from DM 1.0974.

ITALIAN LIRA—One of the stronger members of the EMS at present after the 6 per cent devaluation earlier this year. It has fallen to a record low against the dollar, however, as U.S. interest rates continue to rise—The lira was the third strongest member of the EMS yesterday, behind the D-mark and Dutch guilder, and lost ground to the dollar at the Milan fixing. The U.S. currency touched a high point of L1,129, and was fixed at L1,128.30, compared with L1,124.55 on Wednesday, and a record of L1,129.30 on Tuesday. Sterling fell to L2,377.60 from L2,384.40, and the Swiss franc to L544.30 from L547.36. Within the EMS the D-mark eased to L498 from L498.15, the Belgian franc to L30.453 from L30.57, the Danish krone to L157.94 from L158.34, and the Irish punt to L1,820.40 from L1,826.50. The French franc rose slightly to L210.27 from L210.20, and the Dutch guilder to L448.84 from L448.39.

THE POUND SPOT AND FORWARD

May 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1000-2.1160	2.1030-2.1040	1.35-1.45c dis	−7.99	3.80-3.90dis	−7.32
Canada	2.5230-2.5395	2.5230-2.5240	1.45-1.55c dis	−7.13	4.20-4.35dis	−6.78
Nethlnd.	5.29-5.33	5.30½-5.31½	½c pm-½ dis	0.56	1 pm-par	0.38
Belgium	77.80-78.20	77.85-77.95	35-45c dis	−6.16	110-120 dis	−5.90
Denmark	15.04-15.10	15.06-15.07	3¼-4¾ore dis	−3.23	9¼-11¼ dis	−2.84
Ireland	1.3080-1.3115	1.3085-1.3095	0.31-0.44p dis	−3.44	1.00-1.23dis	−3.41
W. Ger.	4.77-4.80½	4.78-4.79	¼pf pm-½ dis	−3.19	½-1 dis	−0.63
Portugal	126.50-127.10	126.70-126.90	50-125c dis	−8.28	140-310 dis	−7.10
Spain	190.25-191.20	190.30-190.50	95-125c dis	−6.93	330-390 dis	−7.56
Italy	2,375-2,386	2,375½-2,377½	16-18 lire dis	−8.58	45½-48½ dis	−7.91
Norway	11.77½-11.83½	11.80½-11.81½	½ore pm-1 dis	−0.25	1 pm-¼ dis	0.08
France	11.28-11.36	11.30-11.31	1¼-2¼c dis	−1.72	5-6 dis	−1.95
Sweden	10.20-10.26½	10.20¾-10.21¾	3½-4¼ore dis	−4.55	9¼-10¾ dis	−3.82
Japan	457-459	458-459	2.20-1.70y pm	5.10	5.65-5.00 pm	4.64
Austria	33.73-33.88	33.73-33.78	2-7gro dis	−1.60	5-15 dis	−1.18
Switz.	4.35-4.38½	4.36¾-4.37¾	1¾-¼c pm	2.06	3¼-2¼ pm	2.52

Belgian rate is for convertible francs. Financial franc 80.35-90.45. Six-month forward dollar 6.80-6.90c dis, 12-month 10.30-10.50c dis.

THE DOLLAR SPOT AND FORWARD

May 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1000-2.1160	2.1030-2.1040	1.35-1.45c dis	−7.99	3.80-3.90dis	−7.32
Ireland†	1.6075-1.6170	1.6075-1.6095	0.58-0.68c dis	−4.69	1.55-1.75dis	−4.10
Canada	1.1990-1.2010	1.1990-1.1995	0.09-0.04c pm	0.86	0.26-0.21 pm	0.78
Nethlnd.	2.5100-2.5255	2.5175-2.5200	1.85-1.76c pm	8.56	4.98-4.88 pm	7.81
Belgium	36.88-37.08	37.02-37.04	7-3c pm	1.62	14-9 pm	1.24
Denmark	7.1310-7.1675	7.1645-7.1670	3¼-2¼ore pm	5.02	8-7½ pm	4.33
W. Ger.	2.2590-2.2800	2.2725-2.2735	1.46-1.40pf pm	7.55	3.82-3.76 pm	6.67
Portugal	60.05-60.35	60.20-60.35	15c pm-15 dis	—	40 pm-35 dis	0.18
Spain	90.40-90.55	90.50-90.55	10c pm-5 dis	0.33	par-20 dis	−0.44
Italy	1,127-1,131	1,129-1,131	0.15-0.65 lire dis	−0.42	1¼-2¼ dis	−0.62
Norway	5.5850-5.6150	5.6110-5.6130	4-3½ore pm	8.02	11-10 pm	7.48
France	5.3600-5.3880	5.3750-5.3800	2.90-2.70c pm	6.24	8-7 pm	5.57
Sweden	4.8500-4.8615	4.8550-4.8565	1.70-1.50ore pm	3.95	4.50-4.30 pm	3.62
Japan	216.70-218.10	217.85-217.95	2.50-2.30y pm	13.22	6.60-6.40 pm	11.93
Austria	16.006-16.08	16.05½-16.06½	9.60-8.20gro pm	6.65	27.50-23.50pm	6.35
Switz.	2.0610-2.0790	2.0755-2.0765	1.92-1.82c pm	10.81	5.26-5.16 pm	10.04

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.9	−26.9
U.S. dollar	105.0	−0.4
Canadian dollar	86.7	−17.8
Austrian schilling	113.2	+21.9
Belgian franc	106.8	+9.4
Danish kroner	86.9	−11.9
Deutsche mark	118.2	+39.0
Swiss franc	131.4	+73.0
Guilder	109.9	+14.5
French franc	84.4	−10.9
Lira	56.3	−55.4
Yen	144.3	+39.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.561256	0.532254
U.S. $	14	1.18874	1.13104
Canadian $	17.60	1.42518	1.35566
Austria Sch.	6¾	18.9877	18.0514
Belgium F.	14	43.7189	41.4695
Danish K.	11	8.45907	8.01002
D mark	7½	2.68382	2.54201
Guilder	9	2.98136	2.82364
French Fr.	9½	6.34193	6.01713
Lira	19	1336.74	1268.46
Yen	6¼	258.194	244.644
Norwgn. Kr.	9	6.66051	6.30215
Spanish Pts.	8	107.617	102.359
Swedish Kr.	12	5.77847	5.47253
Swiss Fr.	4	2.44548	2.31637
Greek Dr'ch.	20½	(U)	(U)

OTHER CURRENCIES

May 7	£	$		£ Note Rates
Argentina Peso	6719-6739	3178-3188	Austria	33.65-34.00
Australia Dollar	1.8450-1.8470	0.8760-0.8765	Belgium	80.10-80.70
Brazil Cruzeiro	174.87-175.87	82.53-82.94	Denmark	14.97-15.12
Finland Markka	8.971-8.988	4.2740-4.2760	France	11.25-11.35
Greek Drachma	115.888-118.009	55.25-55.45	Germany	4.77-4.80
Hong Kong Dollar	11.44¾-11.46¾	5.4350-5.4360	Italy	2330-2395
Iran Rial	164.00*	77.50*	Japan	457-463
Kuwait Dinar(KD)	0.580-0.586	0.2765-0.2767	Netherlands	5.27½-5.31½
Luxembourg Frc.	77.85-77.95	37.02-37.04	Norway	11.77-11.87
Malaysia Dollar	4.9125-4.9250	2.3325-2.3345	Portugal	125-132
New Zealand Dlr	2.3700-2.3720	1.1260-1.1270	Spain	185-195
Saudi Arab. Riyal	7.06-7.12	3.3600-3.3625	Sweden	10.18-10.28
Singapore Dollar	4.5100-4.5225	2.1415-2.1435	Switzerland	4.34-4.38
Sth African Rand	1.7450-1.7465	0.8295-0.8305	United States	2.09½-2.11
U.A.E. Dirham	7.71-7.77	3.6715-3.6735	Yugoslavia	77-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4443	+1.58	+1.35	±1.5361
Danish Krone	7.91917	8.01226	+1.18	+0.95	±1.6413
German D-Mark	2.54502	2.54443	−0.02	−0.25	±1.1386
French Franc	5.99526	6.02359	+0.47	+0.24	±1.3638
Dutch Guilder	2.81318	2.82404	+0.39	+0.16	±1.5159
Irish Punt	0.685145	0.694993	+1.44	+1.21	±1.6688
Italian Lira	1262.92	1265.08	+0.17	+0.17	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.104	4.785	458.5	11.305	4.368	5.310	2377.	2.524	77.90
U.S. Dollar	0.475	1.	2.275	218.0	5.374	2.076	2.524	1130.	1.200	37.03
Deutschemark	0.209	0.440	1.	95.82	2.363	0.913	1.110	496.7	0.527	16.28
Japanese Yen 1,000	2.181	4.588	10.44	1000.	24.66	9.526	11.58	5183.	5.504	169.9
French Franc 10	0.885	1.861	4.233	405.6	10.	3.863	4.697	2102.	2.232	68.91
Swiss Franc	0.229	0.482	1.096	105.0	2.588	1.	1.216	544.1	0.578	17.84
Dutch Guilder	0.188	0.396	0.901	86.35	2.129	0.823	1.	447.6	0.475	14.67
Italian Lira 1,000	0.421	0.885	2.013	192.9	4.757	1.838	2.234	1000.	1.062	32.78
Canadian Dollar	0.396	0.834	1.896	181.7	4.480	1.731	2.104	941.7	1.	30.87
Belgian Franc 100	1.284	2.700	6.142	588.6	14.51	5.607	6.816	3051.	3.239	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 3/4	offer 19 7/8	bid 19 1/8	offer 19 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	10¾-11	18⅝-18⅞	17½-18½	10-10⅛	6-6¼	10¼-10½	12¼-12¾	18⅛-20	15½-16½	5⅞-6⅛
7 days' notice	11⅛-11⅝	18¾-19	17⅛-18½	10-10½	7-7½	11⅛-11⅝	12¾-13¼	18¾-20¼	15-17	6⅜-6⅝
Month	12⅛-12¼	19⅛-19¾	18⅜-18¾	11 5/16-11 7/16	9 5/16-9 7/16	12¼-12⅜	13½-14	19¾-20½	17¼-18¼	6½-6¾
Three months	12 5/16-12 7/16	19 5/16-19 7/16	18½-18⅞	11 5/16-11 7/16	9 5/16-9 7/16	12¾-12⅞	13½-14	20-20¾	17¾-18¾	7⅛-7⅜
Six months	12⅜-12½	19¼-19½	18⅛-18½	11¾-11⅞	9½-9⅝	12¾-12⅞	13½-14	20-20¾	17¾-18¾	7¾-8
One Year	12⅝-12¾	18-18¼	17¾-18⅛	11 7/16-11 9/16	9 5/16-9 7/16	12½-12⅝	13⅝-14⅛	20-20¾	17¼-18¼	8⅜-8⅝

SDR linked deposits: one-month 14 23/32-15 3/32 per cent; three-months 15-15⅜ per cent; six-months 14⅞-15¼ per cent; one-year 14⅜-14⅝ per cent.
ECU linked deposits: one-month 13 3/32-13 23/32 per cent; three-months 13 25/32-14 3/32 per cent; six-months 13 25/32-14 3/32 per cent; one-year 13½-13⅞ per cent.
Asian $ (closing rates in Singapore): one-month 19 9/16-19 11/16 per cent; three-months 19 9/16-19 11/16 per cent; six-months 19-19¼ per cent; one-year 18-18⅛ per cent. Long-term Eurodollar two-years 16¾-17 per cent; three-years 16⅝-16⅞ per cent; four-years 16⅝-16⅞ per cent five-years 16⅝-16⅞ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.15-19.25 per cent; three-months 19.15-19.25 per cent; six-months 18.80-18.90 per cent; one-year 17.55-17.65 per cent.

INTERNATIONAL MONEY MARKET

German rates steady

German money rates showed little change yesterday with trading in the morning restricted ahead of the Bundesbank central council meeting. However, there were no changes in credit policies at the meeting and the special lombard facility remained at 12 per cent. Call money was quoted at 11.90-12.00 per cent compared with 12.00-12.10 per cent on Wednesday while longer term rates were also slightly easier. Funds obtained through the special lombard facility totalled DM 9.4bn on Wednesday compared with DM 11.4bn on Tuesday. However, banks seem to be well ahead of this month's minimum reserve requirements target and will probably remain so in order to offset the effects of any possible credit tightening by the authorities.

Yesterday's meeting of the Bundesbank central council was chaired by Herr Helmut Schlesinger, vice president of the bank. Speaking after the meeting, he emphasised the Bundesbank's determination to maintain orderly market conditions and steady movements in the D-mark, both against the dollar and within the European Currency System. The D-mark was again the most improved currency within the system yesterday.

In Amsterdam call money was quoted at 10⅛-10½ per cent compared with 10-10⅜ per cent on Wednesday and one-month money eased to 11⅛-11½ per cent from 11¼-11½ per cent. Longer term rates were also easier.

In Paris short term funds remained at 12¼ per cent, unchanged now for over a month as the authorities maintain a steadying hand on the market while the Presidential election continues.

MONEY RATES

NEW YORK	
Prime Rate	19
Fed. Fund	18-18¼
Treasury Bills (13-week)	16.55
Treasury Bills (26-week)	15.58
GERMANY	
Special Lombard	12.0
Overnight Rate	11.96
One month	13.05
Three months	13.325
Six months	13.20
FRANCE	
Intervention Rate	13.5
Overnight Rate	12.25
One month	12.875
Three months	13.25
Six months	13.25
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.25
Bill Discount (three-month)	7.28125

GOLD

Slight fall

Gold fell $2 to close at $477-480 in very quiet London bullion trading. The metal opened at $478-481, the highest point of the day, and was fixed at $479.25 in the morning, and $477.75 in the afternoon. It touched a low level of $475-477.

In Paris the 12½ kilo gold bar was fixed at FFr 86,000 per kilo ($498.03 per ounce) in the afternoon, compared with FFr 85,000 ($493.24) in the morning, and FFr 85,000 ($495.55) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,940 per kilo ($479.75 per ounce), against DM 35,080 ($482.85) previously, and finished at $476-479, compared with $481-484.

	May 7		May 6	
Gold Bullion (fine ounce)				
Close	$477-480	(£226¾-227¾)	$479-482	(£226¾-228¾)
Opening	$478-481	(£226¾-228)	$481-484	(£227½-228¾)
Morning fixing	$479.25	(£226.757)	$482.75	(£227.852)
Afternoon fixing	$477.75	(£226.529)	$482	(£227.412)
Gold Coins				
Krugerrand	$493½-494½	(£234¼-234¾)	$495-496	(£234-234½)
1/2 Krugerrand	$254¾-256¾	(£121-121½)	$254¾-255¾	(£120¼-120¾)
1/4 Krugerrand	$133¾-133¾	(£61-61½)	$129¾-130¾	(£61¼-61¾)
1/10 Krugerrand	$53-54	(£25-25½)	$53-54	(£25-25½)
Mapleleaf	$489½-490½	(£232¼-232¾)	$491-492	(£232-232½)
New Sovereigns	$120¼-121¼	(£56½-57)	$120-121	(£56¾-57¼)
King Sovereigns	$132-134	(£62½-63½)	$133-135	(£62¾-63¾)
Victoria Sovs	$132-134	(£62½-63½)	$133-135	(£62¾-63¾)
French 20s	$190-193	(£90-91½)	$189-192	(£89¼-90¾)
50 pesos Mexico	$593-598	(£281½-284)	$599-604	(£283-285½)
100 Cor. Austria	$464-468	(£220¼-222)	$465-470	(£219¾-222)
$20 Eagles	$575-580	(£273-275)	$578-582	(£273-275)

UK MONEY MARKET

Further surplus

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day to day credit was again in good supply in the London money market yesterday and the authorities took out the surplus by selling a very large amount of Treasury bills. There were no appreciable factors working against the market while on the other hand, banks brought forward balances a large way above target. Discount houses were paying 9¾-11 per cent for secured call loans at the start with later balances taken between 8 per cent and 10 per cent.

In the interbank market overnight loans opened at 10¼-10¾ per cent and eased to 10-10¼ per cent where the rate stayed for most of the morning. It fell to 8½-9 per cent before the Bank of England sold bills but was quoted at 10¼-11 per cent soon after. Rates dipped briefly to 9-10 per cent with closing balances taken at 10-11 per cent.

LONDON MONEY RATES

May 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8½-11	10¼-10½	—	—	—	—	—	—	—
2 days notice	—	—	11⅛-11⅞	—	—	10⅛-11	8-11	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11-11¼	—	—	—	—	—	—	—	—
One month	12⅛-11⅞	12 1/16-12¼	11¾-12	—	12¼	11⅛-11⅝	10⅞-11	—	—	—
Two months	12¼-12⅛	12 1/16-12⅜	12⅛-12¼	13⅛-12⅞	12½	12½	11⅛	11 9/16-11½	11½	12 7/16
Three months	12 5/16-12¼	12¼-12 7/16	—	13-12¾	12⅝	12⅝	11½-11⅝	11 11/16-11 7/16	11⅝-11 11/16	12⅜
Six months	12 7/16-12 5/16	12 7/16-12½	12¼-12⅜	13-12⅝	12¾	12⅝-12¾	11⅝	11 7/16-11⅜	11 7/16-11⅝	12⅜
Nine months	12½-12⅜	12 9/16-12 11/16	12¼-12⅜	12⅞-12½	12¾	12⅝	—	—	11⅝	12⅛
One year	12⅛-12⅝	12 7/16-12⅝	—	12⅞-12½	12 11/16	12¾	—	—	—	—
Two years	—	—	12⅛-13	12¾-12⅛	12 15/16	12¾	—	—	—	—
			13-13½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13¼ per cent; four years 13¼-13½ per cent; five years 13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11½-11 9/16 per cent; four-months trade bills 12⅜ per cent.

Approximate selling rate for one-month Treasury bills 11 11/32-11⅜ per cent; two-months 11 9/32-11⅜ per cent; three-months 11½ per cent. Approximate selling rate for one-month bank bills 11 9/16 per cent; two-months 11½-11 9/16 per cent; three-months 11½ per cent; one-month trade bills 12 5/16 per cent two-months 12⅜ per cent and three-months 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3421 per cent.

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Box G7096, Financial Times
10 Cannon Street, EC4P 4BY

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The Receiver and Manager wishes to dispose of a long established, reputable equipment manufacturer in the North East of England. Sales outlets are worldwide and include industry, broadcasting, military and local and national government departments. Enquiries from principals wishing to purchase should be made to:

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Newcastle upon Tyne, NE1 8AD

ALL THE MANUFACTURING ASSETS OF A

LIGHT/MEDIUM METAL FABRICATING FACTORY

situated in mid-Antrim are offered for sale in one lot, including 2 brake presses, flame cutting machine, guillotine, Spiro ducting machine, semi-automatic welders and office furniture and equipment, etc. This equipment, which has been in recent use and is well maintained, is installed in a government factory of 70,000 sq ft manufacturing area. There are 6 overhead cranes of capacity 5 to 25 tons installed in the 5 manufacturing bays.

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Ref: P. F. Rowan, Tel: 0232 44001

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Modern freehold single storey factory in the North West housing long established and profitable Litho and Letterpress Business with a name respected in the trade.
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J. D. McINTOSH & HAMILTON, Solicitors,
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FOR SALE

COAL MINING OPERATIONS

Eastern Kentucky, USA, mining operations, washing plant and tipple facility. 3,400 acres with estimated 21 million tons recoverable. Additional 2,400 acres and 25 million tons available. All coal produced is low-sulphur, high BTU and has yielded premiums. New washing plant capacity 180 tons per hour input on freehold land served by Norfolk and Western Railroad shipping to eastern seaboards and export. Non-union operation.
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ASSETS OF STEEL PLATE AND PIPEWORK FABRICATION BUSINESS

AS A GOING CONCERN

- ★ Opportunity to acquire an independent manufacturer specialising in the fabrication and erection of steel plate, structural steel and large diameter pipework, industrial and commercial contract cleaning and crane maintenance.
- ★ Operates from a leasehold site, 12,000 sq. yds. in area, of which 27,000 sq. ft. is covered at Avonmouth, Bristol, close to M5, railway and docks.
- ★ Experienced workforce of 70 plus 60 part-time cleaners are currently employed.
- ★ Turnover running at approximately £1.2m p.a.
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Queen Anne House, 69/71 Queen Square
Bristol BS1 4JP
Tel: 211622 Telex: 44365

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All enquiries to Box G7090
c/o Financial Times, 10 Cannon Street, EC4P 4BY

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(ON A GOING CONCERN BASIS)

Substantial well established plant hire, general engineering and compressed air products business operated from rented industrial factory premises in the north-west of England. Turnover is approximately £380,000 p.a. and there are 14 suitably qualified employees. Partial disposal will be considered. The freehold of the premises may also be acquired

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Diverse Company. Good secondary trading location close City Centre. Shop, offices, warehouse, up to 13,500 sq ft. Car parking. Selling cycles, motor parts, kitchen units, etc. T/O £1.1m. For Sale and S.A.V. Offers

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Tel: 0703 38477.

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DOMESTIC LIGHTING PRODUCTS

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Write Box G.7099, Financial Times, 10, Cannon Street, EC4P 4BY.

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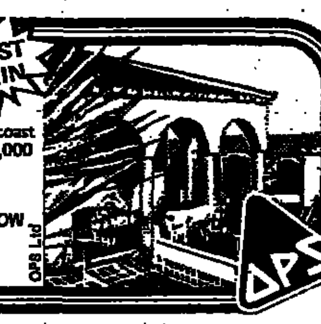

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Yield: 8%

For further details apply Box T5483, Financial Times, 10 Cannon Street, EC4P 4BY.

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Among major investor advantages:

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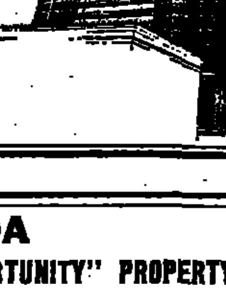

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VILLARS near MONTREUX

Quality apartments in 3 small chalets, quiet surroundings, spectacular unobstructed view. Tennis court and indoor swimming pool on property. Excellent skiing. Prices from SFr 163,000. Financing available up to 70% at 6.25%.

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Only 45 minutes away, lovely apartments available in 5 intimate chalets on large property with private tennis court. High quality construction, excellent location and magnificent view. Reasonable prices from FFr 370,000. Financing available.

LAKE GENEVA. Attractive apartments available on or near the lake.
Write to: Developer, c/o Globe Plan SA, Mon-Repos 24, 1005 Lausanne, Switzerland. Tel: 021-22 35 12
Telex: 25185 melis ch

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Due to family circumstances, for sale 125 acre, highly productive, Fruit farm complete with trickle irrigation, buildings and machinery (excellent resident manager). A beautiful country house on the riverbank is included.
Offered at £210,000
Further details from:
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Can still offer luxury villas to rent in S. of France viz: Cap d'Antibes, Cannes, Cap Ferrat, Mougins, Vence etc., from £750 to £2,500 p.w.

Tel. your reqs. to:
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CANADA

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In Fredericton, the Capital of the Province of New Brunswick; 28,542 sq ft property for prime commercial development on the main street in city centre and within 100 metres of the largest hotel, theatre, playhouse, Legislative Buildings, the main office building of both the Government of Canada and the Government of New Brunswick. There is an urgent need for combination office/apartment/hotel building. Price $C980,000. Private sale. Financing in any hard currency on negotiation. Only serious inquiry need apply.

For details and description contact Box T5466, Financial Times, 10 Cannon Street, EC4P 4BY.

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For sale, an extremely beautiful forest property (since 120 years in possession of a family) situated on the Atlantic coast of Canada. A paying investment. Interesting terms. Min. investment: $C500,000.

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NV Kerckhof and Verraes
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Tel: 56/713041. Telex: 86930.

CANADA LAND INVESTMENT—5 adjoining lots—total approximately 65 metres x 90 metres. Close to sandy Lake Erie shores and new growing Industrial Development area. Box 1153 WATERFORD, ONTARIO, CANADA, N0E 1Y0.

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Suitable Hotel Development

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Most elegantly designed and built to the highest standards.
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SUITABLE FOR REFURBISHMENT

Prime location near E.E.C., overlooking Parc du Cinquantenaire, luxuriously built in 1937, left in very good condition after 40 years occupation by Belgian Ministry. 2,000 sq.m. Office space on 9 floors — 90 office units and top floor restaurant — 7 parking spaces. A very secure investment as the purchase price is particularly attractive. Call: Home Selection International, 10, Pl. Stéphanie, 1050 Brussels, Belgium. Tel: 672.43.96 every day, from 10 a.m. until 22 00 p.m.

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Unexpectedly available, beautiful villa to rent, sleeps 7/8, 4 beds, 4 baths en suite, 3 recep., ½ acre gardens with heated pool. Available 16th Aug at FF19,500 pw. also Sept.

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Estepona, beach villa, 2 bedrooms, *2 tiled bathrooms,* large lounge, marble floor, copper hood chimney, fitted kitchen, beautifully furnished, on beach in well kept urbanisation. Free accommodation whilst viewing. Price £38,000 o.n.o.

Dr. J. Templeton
5 Boathouse Ave., Largs, Scotland

LEGAL NOTICE

THE SCOTTISH EUROPEAN INVESTMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN that a Petition has been presented to the Court of Session by The Scottish European Investment Company Limited ("the Company") a company incorporated under the Companies Acts 1948 to 1967 and having its Registered Office at 45 Charlotte Square, Edinburgh, craving their Lordships inter alia (1) to appoint the Company to summon and hold a meeting of the holders of its Ordinary Shares for the purpose of considering and, if so resolved, approving, with or without modification, a Scheme of Arrangement between the Company and the holders of the said Ordinary Shares *printed in the Appendix to the said Petition,* (2) to pronounce an Order sanctioning the said Scheme of Arrangement and (3) to confirm the reduction of capital provided for therein.

In said Petition by Interlocutor dated the 5th day of May, 1981 the Court of Session has ordered a meeting to be convened of the holders of the said Ordinary Shares of the Company for the purpose of considering and, if so resolved, approving, with or without modification, the said Scheme of Arrangement and has authorised the Directors of the Company to fix the day, hour and place of the said Meeting.

As authorised by the said Interlocutor the Directors have fixed the day, hour and place of the said Meeting and NOTICE IS HEREBY GIVEN THAT the said meeting of the holders of the said Ordinary Shares of the Company will be held at 45 Charlotte Square, Edinburgh, on Monday, the 1st day of June, 1981 at 11.30 a.m. at which place and time all the holders of the said Ordinary Shares are requested to attend.

At the said meeting the following Resolution will be proposed:

"That the Scheme of Arrangement dated the 8th day of May, 1981 between The Scottish European Investment Company Limited and the holders of its Ordinary Shares (a print of which has been produced to this meeting and for the purpose of identification signed by the Chairman thereof) be and the same is hereby approved, and the Directors of the Company be and are hereby authorised to take and to concur in all steps necessary for carrying the same into effect."

A copy of the said Scheme of Arrangement and a copy of the Explanatory Statement explaining the effect of the said Scheme and containing the statement required by Section 207 of the Companies Act 1948 may be obtained by any Ordinary Shareholder upon application to the offices of Dundas & Wilson, C.S., 25 Charlotte Square, Edinburgh, or Lazard Brothers & Co. Limited, 21 Moorfields, London, EC2 and may be seen at these offices during usual office hours.

A member entitled to attend and vote at the said meeting may vote in person thereat or may appoint another person or persons, who need not be a member of the Company, as their proxy to attend and vote in their stead.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

To be valid, forms appointing proxies must be signed in accordance with the Articles of Association of the Company and must be lodged at the office of the Registrars of the Company, The Registrar's Department, The *Royal Bank of Scotland* Limited, P.O. Box 27, 31 St. Andrew Square, Edinburgh EH2 0DG not later than 48 hours before the time appointed for the said meeting.

The Court has authorised the said meeting to appoint its own Chairman and directed the Chairman so appointed to report the result thereof to the Court. The said Scheme of Arrangement will be subject to the sanction of the Court.

DUNDAS & WILSON, C.S.,
25 Charlotte Square,
EDINBURGH EH2 4EZ.
Solicitors for Petitioners.

8th May, 1981.

THE COMPANIES ACT, 1948
IN THE MATTER OF
WESTAIR CONDITIONING SERVICES LIMITED

Refrigeration & Airconditioning Installation & Maintenance Engineers
Winding-up Order made 13 April 1981.
Date and place of first meetings: Creditors 20 May 1981, at 11.00 am; Contributories 20 May 1981, at 11.30 am; both meetings to be held at The Official Receiver's Office, 3rd Floor, Colman House, Victoria Avenue, Southend on Sea, Essex, SS2 6EF.

G. B. SELLERS,
Official Receiver
(Acting as Deputy for the *Official Receiver* attached to the High Court of Justice).

EXHIBITIONS

ASH BARN, Winchester Rd., Petersfield, Hampshire. Tel: 3662. Spring Exhibition of Paintings & Sculpture. Until May 31st.

COMPANY NOTICES

IRELAND

20,000,000 EUROPEAN UNITS OF ACCOUNT
9¼% 1974/1984 BONDS

On April 21, 1981, Bonds for the amount of UA 500,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon No. 8 and following attached on and after June 12, 1981.

The numbers of the drawn Bonds *are as follows:*
4461 to 4526 incl., 4530 to 4720 incl., 4796 to 4948 incl., 6249 to 6338 incl.

Amount puchased on the market: UA 500,000.

Amount outstanding: UA 13,000,000.

Outstanding drawn Bonds:
6015, 14521 to 14523 incl., 14797 and 14798, 14923 and 14924, 15038 and 15039, 15148 and 15149, 19216 to 19223 incl.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

Luxembourg,
May 8, 1981.

L.E.T. HOLDINGS LIMITED

A DIVIDEND has been DECLARED of 2.5p per share payable to the holders of Ordinary Shares registered 1st May 1981 and to holders of Coupon No. 111 attached to Ordinary Share Warrants to Bearer.

The dividend will be paid on 8th May 1981. Coupons must be lodged with Charter Consolidated Limited, Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ, where listing forms can be obtained.

By Order of the Board of Directors.
D. J. PHILLIPS,
Secretary.

St. Martin's House,
16, St. Martin's-le-Grand,
London EC1A 4EP.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the ORDINARY SHARES and "A" ORDINARY (RESTRICTED VOTING) SHARES of the Company will be closed from the 19th May to the 2nd June 1981, both dates inclusive.

By Order of the Board,
G. T. LOWNDES.
Secretary.

71-78 Victoria Street,
Wolverhampton.

PUBLIC NOTICES

INVERESK GROUP LIMITED

SCHEME OF ARRANGEMENT
DATED 27TH FEBRUARY 1981

It is expected that the hearing by the Inner House of the Court of Session to approve the above Scheme will be held on 15th May 1981.

In the event of any change in the expected date of Hearing a further advertisement will be issued not less *than seven days prior to any new* expected date.'

D. JACKSON,
Secretary.

7th May, 1981.

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

The Buckinghamshire County Council issued on 6th May, 1981 £5m Bills due 5th August, 1981. Tenders totalled £56m. *The entire issue was made at 11 21/64%.* There are £6m other Bills outstanding.

GLASGOW DISTRICT COUNCIL

Bills issued 6.5.81 £6m at 11 21/64% maturing 5.8.81. Applications £54m. Bills outstanding £14.25m.

HAMPSHIRE COUNTY BILLS

£17m Bills from 30.4.81 to 29.5.81 at 11 29/64%. Applications £63m. £17m outstanding.

COMPANY ANNOUNCEMENT

WESTERN AREAS GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The Board wishes to announce that a fire occurred at the consumer sub-station of the mine's North Shaft at approximately 23h00 on 6th May 1981. Preliminary investigations indicate that an electrical fault occurred in one of the oil circuit breakers in circuit with the transformers which resulted in overheating of the contacts. This ignited the oil and the subsequent explosion caused cables and high tension transformers in the area to be set alight. Alternative power supply sources enabled essential services such as pumping and ventilation to be restored shortly after the occurrence of the fire.

Major repairs will be necessary to re-establish normal power requirements and production is expected to be seriously affected for a period of approximately three days.

Johannesburg
7th May 1981

WORLD STOCK MARKETS

Early Wall St cautiously firm

A CAUTIOUS upturn was under way in early trading on Wall Street yesterday as the initial impact of U.S. interest rate rises appeared to have worked itself through the market and investors began assessing longer-term implications.

By 1 pm the Dow ones Industrial Average was 3.25 higher at 976.59 and advances led declines by about seven to five on volume of 31.4m shares. The NYSE All Common Index firmed 38 cents to $75.98.

...Flexi-Van fell $5¾ to $21⅛ after the company and a group of British investors ended negotiations for its purchase.

People's Energy gained $2⅛ to $45¼. On Wednesday it announced a reorganisation of its gas distribution utilities.

. Among actives, volume leader Conoco eased $⅜ to $56⅛, Commonwealth Edison firmed $⅛ to $18½ and Singer rose $1¼ to $20¼.

American Telephone was up $⅜ to $54⅜. The Federal Communications Commission approved another rate increase for the company's private line services.

THE AMERICAN SE Market Volume Index added 4.06 to 357.29 by 1 pm. Volume was a moderate 4.20m shares.

Canada

Markets strengthened in a moderately active trade. In Toronto advances barely outnumbered declines—204 to 197—but the Composite Index gained 13.6 points by noon on volume of 2.71m shares.

The Oil and Gas Index surged 82.6 to 4,531.2 but the Golds fell 42.1 to 4,181.4.

Leading the active list, Hudson's Bay Oil and Gas moved up C$2½ to C$29⅞ on 165,255 shares after a delayed opening. Dome Petroleum, which is seeking to acquire Conoco's 53 per cent interest in Hudson's Bay, gained C$3⅜ to C$98⅜.

Elsewhere British Columbia Forest Products rose C$2½ to C$22 on 60,348 shares and Domtar C$1¼ to C$34⅛. Dome Mines recovered part of an early loss but remained off C$1 at C$103½.

In Montreal Banks held down, with the sector's index off 1.53 at 383.40.

Germany

Leaders moved generally higher on the Frankfurt bourse, where the Commerzbank Index rose 4.4 to 710.1. Foreign buyers were said to be making use of the current weakness of the D-mark against the dollar.

Deutsche Babcock featured in stronger Engineerings and closed DM 5 up at DM 207.

Against the trend, Commerzbank lost 60 pfg at DM 131. Deutsche Bank added DM 1 to DM 278.50.

Elsewhere, BASF shed 40 pfg in otherwise higher Chemicals, and in Electricals AEG recovered to DM 52.70, up DM 1.50.

On the Domestic Bond market Public Authority loans weakened further, as much as two points. D-mark Eurobonds were steady.

Paris

Bourse prices firmed in active trading after Gaullist M. Jacques Chirac's stronger declaration of support for M. Valery Giscard d'Estaing in Sunday's French presidential election.

Oils were mostly firmer, though CFP held at FFr 195 on announcing lower group net profit for 1980.

In higher Engineerings Poclain gained FFr 2 to FFr 199 after reporting higher first quarter turnover.

In the Foreign sector Dutch, Japanese, Gold Mines and Coppers eased.

Italy

An upturn on the Milan bourse emerged in active trading.

Montedison led the market up L13.75 at L288.25. This followed confirmation by Sig. Gianni de Michelis, the Holdings Minister, that negotiations were in progress for the Government to transfer its holding in the company to a private group including Fiat, which firmed L70 to L2,470, and Pirelli. Pirelli SpA added L38 at L2,636.

Bonds generally firmed but Convertibles were mixed.

Amsterdam

A continuing decline took KLM Fl 2.20 lower to Fl 118 and Unilever Fl 1.70 down at Fl 145.30 in Dutch Internationals.

Amro, expecting little change in first half profits, fell Fl 1.80 to Fl 55.20 and Natned was down Fl 3.70 to Fl 115.50 in spite of anticipating higher profits. State loans tended easier.

Tokyo

Tokyo stocks fell further after Wednesday's sharp drop, led by big Capitals, Vehicles and other Blue Chips.

The Nikkei-Dow Jones Market Average rose sharply at the outset in response to overnight steadiness on Wall Street and the yen's recovery against the dollar, but profit-taking later depressed the average, which lost 24.78 to close at 7,440.52. The Tokyo New SE Index fell 3.06 to 549.11.

Volume was a light 350m shares.

Hong Kong

Prices closed slightly easier after a firm opening, with the Hang Seng Index 6.85 lower at 1,413.49. Trading was quiet ahead of the interest rate meeting of the Hong Kong Association of Banks today.

Among leaders, Cheung Kong lost 20 cents to HK$25.50 and Jardine Matheson 30 cents to HK$19.20.

Johannesburg

Golds weakened in line with the bullion price in thin trading.

Heavyweight losses ranged between 25 cents and R2, with Gold Fields of SA off R1 at R89, while medium and lightweights shed between five and 20 cents. East Driefontein, however, added 40 cents to R31.25.

Mining Financials and other Metals and Minerals generally shadowed Golds, with Anglo American falling 80 cents to R16.10 and De Beers 40 cents to R9.10.

Industrials also eased but SA Breweries ended with a 15 cent gain at R4.05 after R4.10 earlier on its annual results.

Australia

Trading was quietly weaker but Banks were active on hopes of merger developments between ANZ and CBA.

Bank of New South Wales rose 10 cents to A$3.40, ANZ four cents to A$4.72 and CBC five cents to A$4.55.

CBA and National Bank each shed five cents to A$4.45 and A$3.50 respectively as traders followed up demand for banking issues in London overnight.

The Sydney All Ordinaries Index eased 4.4 to 702.4 as heavyweight Metal Miners continued to feel the dampening effects of high U.S. interest rates, but several Oils went against the trend.

The Oil and Gas Index firmed 7.1 to 873.7 while Metals and Minerals slipped 10.6 to 608.4 and the Industrial Index lost 1.9 to 749.3.

BHP lost 20 cents to A$14.05 ex rights, CSR was steady at A$6.90, Western Mining fell 17 cents to A$4.95, CRA 18 cents to A$4.30, MIM eight cents to A$4.67, Pancontinental 20 cents to A$9.60, while Woodside gained seven cents to A$2.22 and Santos six cents to A$6.36.

In Melbourne, stocks traded dull with buying support absent and closed easier.

Petersville lost 40 cents to A$1.80 on active business following a company statement that it knew of no reason for recent rises.

Singapore

The Straits Times Index firmed 3.50 to a record 896.000 but prices overall were mixed. Boustead added 10 cents to S$8.90 but Haw Par released the same amount to S$3.74.

Closing prices for North America were not available for this edition.

COMMODITIES AND AGRICULTURE

Pig contract needs careful study

By Richard Mooney

THE NATIONAL Farmers' Union has advised pig producers to study carefully the new contract published yesterday by Britain's bacon curers before deciding whether to sign.

The contract, which is more complicated than the one it replaces, could be advantageous for some producers but not for others, depending on the grade of pigs they produce and other factors, including the state of the market, a union official said.

A joint statement by the union and the Council of Quality Pig Producers Associations said: "We are disappointed that the continuing lack of profitability in the bacon sector means that it has not been possible to reach full agreement on the terms of the 1981/82 bacon contract."

Top quality producers will receive a premium over the average all pigs price (AAPP) equal to a third of the difference between that price and the wholesale pigmeat price — with a minimum premium of 1p a kilo. The NFU official said this would represent an improvement on the old contract when the pork market was weak but a reduction when it was strong.

Producers of lower quality bacon pigs will have to consider where their produce will fit into new, wider, grade weight ranges and whether they will benefit from a new flexible arrangement for working out transport costs.

World sugar estimate down

RATZEBURG — World sugar production in 1980-81 is expected to reach 86.46m tonnes, West German sugar statistician F O Licht said in his third estimate.

This is slightly down from its second estimate of 86.52m but above the 1979-80 figure of 84.14m.

Output is still expected to fall short of world consumption which Licht projected at 89.6m tonnes.

He put EEC production in 1980-81 at 13.005m tonnes against 13.284m in 1979-80 and Soviet production at 7m tonnes (7.7m). Cuban sugar production for 1980-81 was put at 7.5m tonnes (6.787m)—Reuter

Cocoa surplus forecast cut

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD COCOA production in the 1980-81 season will only exceed demand by 70,000 tonnes, according to the latest market report issued by London cocoa merchants Gill and Duffus. This estimate compares with a forecast surplus of 100,000 tonnes in the company's last market report in February and 95,000 tonnes recently predicted by the International Cocoa Organisation.

The sharp reduction in the surplus is attributed mainly to an increase in consumption, which is now expected to rise to 1,546,000 tonnes from 1,457,000 tonnes in 1979-80. The February report estimated seasonal grindings of 1,522,000 tonnes.

The production forecast has been cut only marginally by 6,000 tonnes to 1,616,000 tonnes, leaving it still above the 1979-1980 record crop of 1,626,000 tonnes.

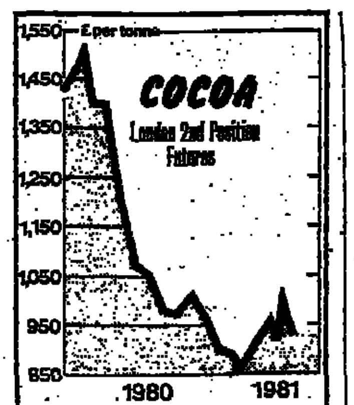
The report points out that cocoa prices have now fallen to levels at which a strong increase in consumption has been made possible and there are some small signs such an increase is beginning to emerge. "There is every reason to believe that in due course an expansion of demand will eliminate the current surpluses of production and in so doing transfer to producers benefits of the kind which are now being enjoyed by consumers," the report adds.

However, it is noted that the market still has the problem of dealing with the biggest ever crop, and the surplus built up after four consecutive seasons of supply exceeding demand.

The 1981/82 season will start, according to the report, with opening stocks of 704,000 tonnes—the highest level since 1965/66. However there is some concern about the storage of large quantities of cocoa in the producing countries.

There was a strong increase in first quarter grindings in the main consuming countries, partly as a result of reduced imports of cocoa products from producing areas. Although UK figures have been held up by the civil servants dispute, a rise of about 30 per cent is expected which would be roughly in line with rises elsewhere after taking into account the cut in product imports. However, as the report points out, the economic depression in industrial countries, and the consequent restriction of consumer spending power, remains an important inhibiting factor.

London cocoa futures prices were marginally easier yesterday in quiet trading conditions. Many overseas traders were said to be on their way to the annual cocoa dinner in London today. General market sentiment is that while prices have reached a low ebb, there is little reason for them to rise sharply at present bearing in mind that the Ivory Coast apparently remains adamant in its refusal to join the International Cocoa Agreement. Without its support, it is felt that any cocoa pact would have little chance of making any impact on the world market.



Further rise in zinc

By Our Commodities Staff

ZINC VALUES continued to advance on the London Metal Exchange reaching the highest levels since early 1979. Cash zinc gained £6 to £411 a tonne fuelled by heavy speculative buying following rumours of a possible further rise in the European producer price from its present level of $875 a tonne.

Although speculative interest, encouraged by chart forecasts, has played a big part in the recent upsurge in prices, traders claim that there is also considerable trade support—a surprising feature in view of the poor demand for zinc at present. There is, however, a world shortage of zinc concentrates and this has strengthened the producers' efforts to raise prices to more "reasonable" levels, particularly in the U.S. EZ America, the U.S. subsidiary of Electrolytic Zinc of Australasia, announced yesterday it was raising its U.S. zinc price by 3 cents to 46.75 cents a lb for prime western grade, thus escalating the recent series of U.S. zinc price increases. Two French producers said they were raising their zinc prices in French francs to compensate for the decline in the value of the franc.

Other metals were generally quiet. Lead failed to respond to news that talks are scheduled to end the strike at St. Joe's mining and milling plants in Missouri in spite of the recent agreement reached with smelter workers. In Chile further talks are to be held seeking an end to the strike at the El Teniente copper mine, and preliminary talks have started on the terms of a new labour contract for workers at the giant Chuquicamata mine.

Decline in Soviet meat and milk

BONN—Meat and milk production in Soviet collective and state farming units declined in the first quarter this year compared with the same period of 1980.

Meat production was down 0.8 per cent at 3.99m tonnes live weight, while milk production dropped 2 per cent to 12.5m tonnes. Egg output climbed 7 per cent to 11.68bn eggs. Reuter

TENANT FARMING

Fixing a fair rent

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE LEADERS of the Country Landowners Association and the National Farmers Union are to set before their members an agreement that will limit the rights of sons and other close relatives of tenant farmers to succeed to the tenanted farm. These rights were embodied in the Agriculture Miscellaneous Provisions Act, 1976. The Scots had similar legislation in 1968.

In England and Wales the rights can cover two generations; in Scotland they appear to be permanent. The actual details of the Agreement have not been published but have been well "leaked."

Why the NFU, an organisation which represents most tenant farmers, should agree to any weakening of their position is explained by two advantages which they expect to reap from it. The most important concerns rent fixing.

Under legislation dating from 1958, should a landlord and tenant disagree over a rent review, which can be held every three years in England and Wales and every five in Scotland, the matter can go to arbitration. The arbitrator is instructed, under the relevant Act, to take account of open market rents agreed between a willing landlord and tenant for a new letting.

Because tenanted farms are very scarce, some of the rents that have been offered contain a considerable element of "key" money. A farmer owning one farm at low historic cost, and desperate to put a son on another, will bid a high rent and average the cost between the two farms. Existing tenant farmers object to this criterion for fixing rents. The NFU/CLA agreement envisages rent being assessed on the productive capacity of the land.

The NFU hopes that by limiting new tenancies to one lifetime more farms will be coming on the market to let.

But the reasons for the shortage of farms to let are not simply because of the difficulties of getting rid of the tenants. Landlords are taking their farms in hand not only because farming has been profitable, but because fiscally they are treated much better. As farmers, they would enjoy earned income status, repayment of VAT on repairs and full relief on CTT instead of only partially as at present. So both NFU and CLA are pressing the Government on this score.

It is not accurate to say that there are no farms being let. Institutions, which pay no capital taxes being corporate landowners, are still letting farms. So are many private owners, but in many cases to existing tenants or their families. Many private landlords and some institutions are turning to partnership agreements, which avoid long-term tenant security and the problems of fixing rents.

Partnership, or share farming, exists in many parts of the world. In most countries it is regulated by statute which could well be instituted here if the practice became widespread. Some of the agreements I have been told about are so complicated as to require the permanent employment of the agents and lawyers who drew them up in the first place to interpret them.

Finding a formula for rent fixing other than that already used will be very difficult. Farmers are not all equally able. One will make the desert bloom and another could make a mess of any land, however good. In France, where about half the land is rented, the rents are fixed according to the accepted yield potential of the land together with a notional price for the chief product of that land, be it beef, wheat, milk and so on. This is administered by departmental councils on which farmers are well represented.

Presumably the Ministry of Agriculture's land classification could be taken as one factor if the same rule applied here, and the general condition of the industry as another. This could well lead to endless argument. But existing tenant farmers would not mind that, if it kept the hated tender rents out of the equation. It's doubtful though if the average arbitrator, in practice either an auctioneer or land agent, is well enough acquainted with the complexities of practical farming.

Some arbitrators have claimed that they do take other things than tender rents into consideration. But one who did so recently, basing his award on land quality, was challenged in the county court by the landlord. This case was settled out of court, much to the anger of the NFU, which hoped to see if the issue could be decided.

In fact few rent reviews go to arbitration, but tenants complain that agents, who are becoming as unpopular as Captain Boycott was in Ireland years ago, are using arbitration as a threat to extract more rent.

World grain output forecast up

ROME — The preliminary production forecast by the UN's Food and Agriculture Organisation (FAO) indicates world production of wheat and coarse grain in 1981 is now expected to range between 1.18bn and 1.28bn tonnes.

This compares with FAO's long-term projection of 1.24bn tonnes.

The FAO said the wheat crop in particular appeared to be favourable, but weather conditions will have a crucial impact, adding that food supplies in many African countries remained serious in spite of food aid pledges.

The FAO's projected figure is compared with the 1979 output of 1.19bn tonnes and an estimated 1980 figure of 1.18bn tonnes.

On rice, the FAO said "There appears to be a close balance between global export availabilities and imports in 1981. As a result of the rise in production, carryover stocks of rice in 1981 are forecast to increase by 2m tonnes to about 17 per cent of estimated consumption requirements."

The FAO, in its bulletin "food outlook," also said food aid shipments to needy African countries must be expedited to meet severe shortages.

The FAO said so far only half the food aid pledged to the African countries since September had apparently been delivered.

"With the lean season now approaching, there is an urgent need for donors to expedite shipments if severe food shortages are to be alleviated," the FAO added.

The FAO identified 26 African countries suffering from abnormal food shortages stemming from natural and man-made disasters.

Meanwhile in Honolulu senior grain officials from Canada, the U.S., Argentina and Australia have discussed likely world demand by the Soviet Union for wheat and coarse grains such as corn now the U.S. and its allies have lifted their embargo on additional grain purchases by the USSR.

None of the countries at the two-day meeting mentioned any discussions it might possibly be having with USSR purchasers. This is the first meeting of the officials this year who represent such bodies as the Australian Wheat Board, the Canadian Wheat Board and the U.S. Department of Agriculture. The second will be in the autumn, hosted by the U.S.

The talks tended to concentrate on overall world supplies and demand in the coming year and not specific supplies to specific countries

During discussions on production, most officials present agreed there were prospects for a higher wheat crop this year, especially now there has been rain in the mid-west of the U.S. where drought had been persisting.

● Mr. John R. Block, U.S. Agriculture Secretary, announced an intensified campaign to sell more U.S. grain to five countries which experts believe represent a growing market potential.

Mr. Block said the five countries being targeted for the export push are Algeria, Brazil, Chile, China and Morocco.
Reuter

Poultrymen seek imports curb

BY OUR COMMODITIES STAFF

MR. JOHN MAUNDER, chairman of the British Poultry Federation, yesterday called for decisive Government measures to avoid further cutbacks and closures in the poultry industry.

"There is no doubt whatsoever that we are being subjected to unfair competition," he told the federation's annual meeting in London.

He called for a ban on national subsidies within the EEC which increased poultry production, elimination of inequalities in the intra-EEC levy system, uniform hygiene regulations and equal application of all relevant legislation.

If these changes could not be achieved Mr. Maunder wanted the British Government to restrict unilaterally subsidised poultry meat imports, put a national levy on imports that benefited from the inequitable EEC system, adopt a more cost-effective hygiene inspection system and provide funds to neutralise unfair competition.

He also called upon the Government to protect the industry from the adverse effects of subsidies to red-meat production.

The BPF chief welcomed the EEC Commission's recent decision to increase protection from third-country imports and the UK Government's grant of £2m to help with hygiene inspection costs this year. These represented substantial breakthroughs, he said, but the basic problems remained.

"Our Ministers have repeatedly expressed their sympathy for our position and their support for our case," Mr. Maunder said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange as short covering and lack of selling saw forward metal edge up from £847 to close the late kerb at £854.5. Turnover: 31,625 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	826-.5	—3.5	830-1	+2.25
3 months	848.5-9	—2.5	853-.5	+2.5
Settlem't	826.5	—3.5	—	......
Cathodes				
Cash	819-21	—2.75	824-5	+3
3 months	836.5-7	—3	841-.5	+2.75
Settlem't	821	—2	—	......
U.S. Prod.	—		*83.65-88	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £826, three months £849, 49.5, 49, 48.5, 48, 48.5, 49. Cathodes, three months £837, 36.5, 37. Kerb: Wirebars, three months £848.5, 49, 49.5, 49, 50. Afternoon: Wirebars, three months £852, 53, 52.5, 53, 53.5. Cathodes, cash £824, three months £841. Kerb: Wirebars, three months £854, 53.5, 54, 54.5, 55, 54.5, 54, 53.5.

TIN—Barely change in quiet and routine trading which left forward metal at £6,020 on the late kerb. Turnover: 850 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5895-915	+17.5	5890-5	+2.5
3 months	5995-6000	—5	5995-6000	+2.5
Settlem't	5915	+25	—	......
Standard				
Cash	5895-915	+17.5	5890-5	+2.5
3 months	5995-6000	—5	5995-6000	+2.5
Settlem't	5915	+25	—	......
Straits E.	‡£28.61	+0.04	—	......
New York	—	......		

Morning: Standard, three months 5,990, 95, 6,000, 5,995. Kerb: Standard, three months £5,995, 6,000, 5,995. Afternoon: Standard, three months £6,000. Kerb: Standard, three months £5,995, 6,000, 6,010, 20.

LEAD—Easier with three months drifting to £332 in early trading before recovering to close the late kerb at £335. Turnover 19,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331-.5	+.75	324-5	—2.5
3 months	336.5-7	—1.5	332-3	—2
Settlem't	331.5	+.5	—	......
U.S. Spot	—	......	*35-8	......

Morning: Cash £330, 31, three months £334, 33, 33.5, 35, 36, 36.5, 37. Kerb: Three months £336, 36.5. Afternoon: Three months £338, 37.5, 37, 36.5, 36, 35.5, 35, 34.5, 34, 33, 32, 32.5. Kerb: Three months £333.5, 34, 34.5.

ZINC—Sharply higher again as heavy speculative, chartist and trade buying saw forward metal surge ahead to close the late kerb at £426. The market was fuelled by continuing talk of a strike at Cominco's Trail smelter accompanied by a number of U.S. producer prices rises. Turnover: 15,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	411.5-2.5	+2.25	410.5-11.5	+6
3 months	419.5-20	+3	419.5-20	+7.25
S'ment	412.5	+2.5	—	......
Primw'ts	—	......	*45.75	—5.75

Morning: Three months £420, 19, 19.5, 20. Kerb: Three months £418. Afternoon: Three months £418, 19, 20. Kerb: Three months £421, 22, 23, 23.5, 24, 23, 22, 21, 22, 23, 24, 25, 26, 25, 24, 25, 25.5, 26, 27, 26.5, 26.

ALUMINIUM—Firmer, reflecting the renewed decline in sterling, which pushed forward metal ahead to £636.5 by the close of the late kerb. Turnover: 8,325 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	616-7	+5	616-8	+4
3 months	635-6	+4.25	636-7	+4

Morning: Cash £617, 16, three months £634, 35, 36, 36.5, 37, 36.5, 36, 35.5. Kerb: Three months £635.5, 36, 36.5, 37. Afternoon: Three months £636. Kerb: Three months £636, 37, 38.5, 36, 37.

NICKEL—Held steady around the £3,030 level throughout the day prior to closing at £3,032.5. Turnover: 228 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3040-50	+7.5	3035-45	+10
3 months	3020-5	+10	3020-5	+5

Morning: Three months £3,020. Afternoon: Three months £3,025. Kerb: Three months £3,030.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 0.05p an ounce lower for spot delivery in the London bullion market yesterday at 517.55p. U.S. equivalents of the fixing levels were: spot $10.91, down 7.9c; three-month $11.436, down 6.4c; six-month $11.933, down 7.5c; and 12-month $12.801, down 3.5c. The metal opened at 514-521p ($10.85-$11.00) and closed at 517-523p ($10.90-$11.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	517.55p	—0.05	521.5p	+5.5
3 months	532.35p	—0.55	536.75p	+5.57
6 months	548.15p	—0.15	—	......
12 months	578.45p	+1.45	—	......

LME—Turnover 116 (78) lots of 1,000 ozs. Morning: three months 533, 32, 34. Kerb: three months 532, 33, 33.5. Afternoon: three months 535, 36, 36.5, 37. Kerb: three months 537, 38, 39, 38.

COCOA

Futures traded quietly within a narrow range throughout a featureless day with prices easing during late dealings to close with losses of £5. Actuals business continued to be neglected, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	908-910	—2.5	912-907
July	926-927	—4.0	931-926
Sept.	944-946	—3.5	951-945
Dec.	970-971	—5.0	976-970
March	991-993	—1.5	996-993
May	1005-1006	—4.0	1014-05
July	1017-1018	—7.0	1025-15

Sales: 1,427 (2,098) lots of 10 tonnes.

ICCO Futures—Daily price for May 6: 91.50 (91.08); five-day average 93.26 (92.43).

COFFEE

In a tight trading range Robustas continued the recent recovery in thin volume and mixed dealings, reports Drexel Burnham Lambert. A heady New York market encouraged some light trade buying during a quiet afternoon session with self trades of 500 lots inflating an otherwise poor turnover.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1058-59	+1.5	1060-55
July	1070-71	—0.5	1076-69
Sept.	1071-72	—1.0	1078-71
Nov	1062-64	—4.0	1069-64
Jan	1057-59	—1.0	1061
March	1040-48	—7.5	1065
May	1050-55	—2.5	—

Sales: 1,625 (3,009) lots of 5 tonnes.

ICO Indicator prices for May 6 (U.S. cents per pound): Comp. Daily ICA 1976 120.54 (120.25); 20-day average 120.41 (120.42).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kilo. May 477.0, 480.0, 478.5-477.0; July 487.5, 489.0, 487.0-485.0; Oct. 486.0, 486.0, 486.0-483.3; Dec. 491.0, 496.0, 491.5-489.0; March 497.0, 497.5, 496.5; May 503.0, 506.0, 505.0; July 511.0, 513.0, nil; Oct. 511.0, 512.0, nil. Sales: 183.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 356 buyer, nil; Aug. 370, 376, 371; Oct. 372, 375, 374-372; Dec. 377, 379, 376; Jan. 379, 380, 379-378; Mar. 387, 389, 387-384; May 396, 397, 396-395; Aug. 403, 406, 404-402; Oct. 405, 408, 405-403. Sales: 119.

GAS OIL FUTURES

The market was nervous all day, opening $2 up before falling back and rallying twice before the New York opening. Higher prices in New York held the market steady until the close, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
June	279.50	+2.50	279.50-75.75
July	279.00	+2.00	279.75-75.50
August	281.50	+2.25	282.50-78.00
September	285.75	+1.75	286.75-81.00
October	291.00	+1.50	291.00-85.50
November	296.50	+2.25	296.50-90.50
December	303.00	+3.50	303.00-98.50
January	306.50	+3.00	303.00-03.00
February	310.50	+3.00	—

Turnover: 928 (707) lots of 100 tonnes.

GRAINS

Old crop wheat opened 15p lower. In very thin features trading values eased 20-40p on the day. Barley old crop opened 25p down and eased further before some buying interest steadied the market. New crop wheat opened 10p down and steadied slightly in thin trade. Barley saw good buying interest from shipper sources mainly in September to close unchanged to 15p higher, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
May	115.55	—0.40	101.05	+0.85
July	117.55	—0.20	—	—
Sep	102.25	+0.85	95.90	+0.15
Nov	105.95	......	99.50	......
Jan	109.95	......	103.05	+0.05
Mar	113.65	+0.05	106.50	+0.05

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent May 108.25, June 107.50, July 107.00 transhipment East Coast sellers U.S. Hard Winter 13½ per cent June 106.50, July 107.00 transhipment East Coast sellers. English Feed fob May 118.50, June 119.50. Maize: French May 127.00 transhipment East Coast seller. S. African Yellow June/July 88.50 seller. Barley: English Feed fob May 106.50 seller East Coast, July 23/Aug. 10 97.50 South Coast. Rest unquoted.

Business done—Wheat: May 115.65-115.55, July 117.60-117.50, Sept. 102.25-102.10, Nov. 106.00-105.80, Jan. 109.95-109.90, Mar. no trades. Sales: 60 lots of 100 tonnes. Barley: May 101.05-100.70, Sept. 95.90-95.75, Nov. 99.50-99.40, Jan. and Mar. no trades. Sales: 125 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 100.00, S. West 102.20, W. Mids. 100.00, N. West 100.70. The UK Monetary Coefficient for the week beginning Monday May 11, is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing quiet. Lewis and Peat reported a fob June price for No. 1 RSS in Kuala Lumpur of 273.5 (275.5) cents a kg and SMR 241.5 (243.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
June	55.90-57.00	55.50-56.50	—
July	57.50-57.80	56.50-57.50	57.30
Jly-Sept	58.70-58.80	58.50-58.60	58.90-58.10
Oct-Dec	62.00-62.10	61.70-61.90	62.10-61.40
Jan-Mar	64.70-64.80	64.50-64.60	64.80-64.20
Apl-Jne	67.50-67.70	67.20-67.30	—
Jly-Sept	70.40-70.60	70.00-70.20	—
Oct-Dec	73.20-73.40	73.00-73.10	—
Jan-Mar	76.00-76.20	75.70-75.90	—

Sales: 133 (114) lots of 15 tonnes. 4 (nil) at 5 tonnes. Physical closing prices (buyers) were: Spot 54.25p (54.50p); June 58.40p (58.25p); July 58.75p (same).

SOYABEAN MEAL

The market opened about unchanged in featureless conditions, reports T. G. Roddick. Prices firmed on Commission House buying late in the session to close at the highs of the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	154.10-54.2	+1.00	154.10-53.00
August	155.50-55.7	+1.45	155.60-54.00
October	157.00-57.5	+0.95	156.80
December	157.50-58.5	+0.85	—
February	159.50-41.5	+1.00	—
April	159.00-44.0	+1.25	—
June	159.00-45.0	+1.00	—

Sales: 80 (26) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £178.00 (£171.00) a tonne cif April-May-June shipments. White sugar daily price £190.00 (£188.00).

First trades were around overnight levels but selling interest was lacking at the lower levels which were short-lived. Gains of £3 were followed by further gains due to higher New York prices. However the highs were not held and by the close half the gains had been lost, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	178.50-79.75	180.00-80.25	185.50-75.00
Oct.	180.00-81.00	182.10-82.25	185.50-77.50
Jan.	180.25-81.45	182.60-85.00	186.00-81.00
March	185.75-84.00	185.00-85.25	188.00-81.00
May	184.75-85.00	186.25-88.50	188.00-88.50
Aug	186.50-87.00	187.25-88.50	—
Oct	187.00-89.00	188.25-91.00	—

Sales: 6,846 (8,067) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was 342.6 (same) a tonne for home trade and £250.0 (£253.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for May 6: Daily price 14.84 (14.31); 15-day average 16.05 (16.26).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 220 tonnes, bringing the total for the week so far to 960 tonnes. Mixed operations indicated some freer involvement among spinners. Activity centred on Middle Eastern growths including Russian and Turkish.

POTATOES

LONDON POTATO FUTURES—After a quiet start, a large buyer entered the market to move prices up by £1, with sellers showing some reserve. The market closed at the highs, reports Coley and Harper. Closing prices: Nov 59.90, +0.90 (high 59.90, low 58.90); Feb. 68.00, +1.00 (high 68.00, low 67.00); April 75.00, +1.00 (high 75.00, low 73.80). Turnover: 175 (45) lots of 40 tonnes.

★

HIDES—Manchester. The market was virtually unchanged. Second clears. Ox: 31-35.5 kg, 42.0p a kg (42.0p a kg); 26-30.5 kg, 40.3p a kg (40.0p a kg); 22-25.5 kg, 47.7p a kg withdrawn (49.5p a kg). Light cows: 25.5 kg, 38.2p a kg (37.0p a kg withdrawn).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.0 to 78.0; Ulster hindquarters 91.0 to 94.0, forequarters 58.0 to 59.0; Eire Hindquarters 91.0 to 93.0, forequarters 57.0 to 59.0. Veal: Dutch Hinds and Ends 120.0 to 126.0. Lamb: English Small New Season 94.0 to 98.0. Imported frozen: New Zealand PL 66.0 to 67.0, PM 64.0 to 65.5. Hoggets: English 70.0 to 78.0; Scotch 70.0 to 82.0. Pork: English, under 100 lb 46.0 to 51.5, 100-120 lb 44.0 to 50.0, 120-160 lb 45.0 to 47.5.

MEAT COMMISSION—Average fatstock prices at representative markets on May 7. GB—Cattle 92.59p per kg lw (+2.42). UK—Sheep 189.35p per kg est dcw (+1.22). GB—Pigs 76.23p per kg lw (+2.56).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Californian: 88/138 4.50-4.80; Jaffa: Valencia Lates 80/189 4.30-4.85; Cypriot: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.20-3.80. Lemons—Spania: Trays 25/50 2.20-2.40; Boxes 60/100 5.50; Californian: 115/140 5.80-6.20; Italian: 100/120 4.50-4.80; S. African: 80/100 5.80-6.20; Jaffa: Cases 60/90 5.00-5.20. Grapefruit—Cypriot: 20 kg 40/64 4.20-4.80; Jaffa: 20 kg 36/75 3.85-4.65. Topaz—Jaffa: 22 lb 40/80 4.00-4.50. Apples—S. African: Granny Smith 6.80-7.00, Golden Delicious 7.50-7.80, Starking 7.00-7.60; Chilean: Granny Smith 6.50-6.80; Canadian: McIntosh Reds 120/160 7.50; U.S.: Red Delicious 8.50-10.00; French: Stark Crimson 40 lb 5.00-6.20, Golden Delicious 40 lb 125/175 4.00-5.00, 20 lb 72 2.40, 84 2.00; Italian: 40 lb Romes 60/70 4.40-4.80; New Zealand: Cox's Orange Pippins 138 10.00, Captain Kidd 8.50, Spartans 7.50; Tasmanian: Jonathan 7.00, Cox's 8.50-9.50. Pears—Belgium: Conference per pound 0.10-0.12; Italian: Passacrassana 0.12-0.14;

English Produce: Potatoes—Per bag 2.50-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15, Laxtons 0.08-0.12, Cox's 0.14-0.22. Cauliflowers—Per 12 Kent 3.60-4.50, Lincoln 2.50-3.20. Cabbages—Per bag 3.00, white cabbages 3.50. Beetroots—Per bag 1.80-2.00. Lettuce—Per 12, round 1.40-1.80, Cos 10/12 2.00-2.20. Tomatoes—Per 12 lb D 4.00, E 3.60. Leeks—Per 10 lb 1.80-2.00. Rhubarb—Per pound, outdoor 0.80-0.90. Carrots—Per 28 lb 3.00-4.00. Swedes—Per 28 lb Devon 1.80, Yorkshire 1.20-1.40. Radishes—Per pack of 12 x 8 oz 1.20, bunches of 15 1.20. Onions—Per 55 lb 60/80 8.00, salad 20s 1.50.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.50, codlings £2.40-£3.50. Large haddock £4.00-£5.00, medium £3.70-£4.50, small £2.30-£3.00. Medium plaice 4.00, best small £3.50-£4.80. Skinned dogfish (medium) £3.00-£6.00. Lemon soles (large) £9.00, (medium) £8.00. Rockfish £2.10. Reds £3.10. Saiths £1.50-£2.00.

PRICE CHANGES

	May 7 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1295/1325	......	$1425/455
Copper			
Cash w'bar	£830.5	+2.25	£829
3 mths	£853.25	+2.5	£849.75
Cash Cathode	£824.5	+3	£823.25
3 mths	£841.25	+2.75	£838
Gold troy oz	$478.5	—2	$498.5
Lead Cash	£324.5	—2.5	£348
3 mths	£332.5	—2	£354.875
Nickel	£3,504.50	......	£3,379.50
Freemkt	290/305c	......	290/305c
Platin'mtr'y oz	£213.5	......	£213.5
Freemkt	£219.50	+0.6	£225.85
Quicksilvert	$420/430	......	$415/428
Silver troy oz	517.55p	—0.05	529.65p
3 mths	532.35p	—0.55	545.15p
Tin Cash	£5,892.5	+2.5	£6,425
3 mths	£5,997.5	+2.5	£6,385
Tungsten 22.04lb	$147.31	......	$149.08
Wolfrm 22.04 lb	$142/146	......	$147/149
Zinc Cash	£411	+6	£375.5
3 mths	£419.75	+7.25	£385.5
Producers	$875	......	$825/875
Oils			
Coconut (Phil)	$560u	+7.5	$540
Groundnut	‡	......	‡
Linseed Crude	£434	......	‡
Palm Malayan	$570y	......	$565
Seeds			
Copra Philip	$380u		‡
Soyabean (U.S.)	$318	+4.5	$325
Grains			
Barley Fut. Sep	£95.90	+0.15	‡
Maize	£127	......	£125
Wheat Fut. Sept	£102.25	+0.05	‡
No2 Hard Wint	£106.5x	+0.5	£103.75
Other commodities			
Cocoa ship't	£1,027	—4	£1,031
Future July	£926.5	—4	£951.5
Coffee Ft' July	£1070.5	—0.5	£1,062.5
Cotton A.Index	87.15c	—0.4	88.15c
Rubber (kilo)	54.25p	—0.25	52.5p
Sugar (Raw)	£178	+7	£205
Woolt'ps 64s kl	535p kilo	+5	522p kilo

‡ Unquoted. u May-June. x June. w April-May. v May. y July. † Per 45-lb flask.

AMERICAN MARKETS

Copper—May 80.05 (80.05), June 80.50 (81.00), July 82.25, Sept. 85.00-85.10, Dec. 88.90, Jan. 90.20, March 92.75, May 94.90, July 97.20, Sept. 99.55, Dec. 103.90, Jan. 104.00, March 106.25.

Potatoes (round whites)—Nov. 71.9 (72.5), Feb. 78.5-78.6 (79.0), March 84.4, April 96.5-96.9. Sales: 97.

Sugar—No. 11: July 14.90-15.00 (15.20), Sept. 15.20-15.25 (15.54), Oct. 15.40-15.50, Jan. 15.69-15.70, March 16.05-16.10, May 16.25-16.30, July 16.45, Sept. 16.60-16.70, Oct. 16.80-16.85. Sales: 10.306.

NEW YORK, May 7.

The precious metals advanced on the comeback in Treasury bills and currencies from depressed levels early in the day. Sugar sold off late in the day on low offers at the Morrocan tender and indication by FO. Light production in 1981-82 would rise, reported by Heinold.

Tin—580.00-586.00 (582.00-589.00).

CHICAGO, May 7.

Lard—Chicago loose 19.50 (same). Live Cattle—June 69.45-69.40 (68.95), Aug. 67.45-67.35 (67.05), Oct. 66.05-66.00, Dec. 67.20-67.10, Feb. 68.85-68.75, April 69.90, June 71.00.

Live Hogs—June 48.35-48.30 (48.00), July 51.25-51.35 (51.00), Aug. 52.35-52.50, Oct. 51.65-51.75, Dec. 54.00, Feb. 55.90-56.00, April 55.40, June 57.02, July 57.00.

‡‡Maize—May 355¼-355 (354½), July 365-365½ (363¾), Sept. 372½, Dec. 376-376½, March 389, May 396¾-396½.

Pork Bellies—May 48.30-48.20 (47.35), July 49.50-49.75 (48.60), Aug. 49.60-49.50, Feb. 67.40-67.25, March 67.70, May 69.45, July 70.70, Aug. 71.40.

†Soyabeans—May 768½-767 (765¼), July 788-786½ (787½), Aug. 793½-795, Sept. 799-798½, Nov. 811-809½, Jan. 829-830, March 851, May 866.

‖Soyabean Meal—May 223.5 (222.6), July 228.0-228.2 (227.5), Aug. 229.2-229.5, Sept. 230.5, Oct. 231.5, Dec. 236.0-236.2, Jan. 239.0-239.3, March 246.5-247.0, May 250.0-250.5.

Soyabean Oil — May 23.27-23.29 (23.21), July 24.02-24.04 (23.99), Aug. 24.45, Sept. 24.85-24.90, Oct. 25.35, Dec. 25.95, Jan. 26.25-26.30, March 26.75-26.85, May 27.20-27.30, July 28.50-28.60.

†Wheat—May 416½ (419¼), July 434-433½ (435¼), Sept. 450, Dec. 475-475½, March 499-498½, May 508½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, May 6.

††Cocoa—May 1827 (1804), July 1891 (1869), Sept. 1953, Dec. 2022, March 2083, May 2123, July 2163, Sept. 2203. Sales: 1.072.

Coffee—"C" Contract: May 127.10 (126.50), July 127.50-127.75 (126.52), Sept. 126.75-126.90, Dec. 124.05-124.25, March 121.50-122.00, May 121.50-122.00, July 122.00, Sept. 121.75. Sales: 1,861.

Cotton—No. 2: May 80.65 (81.20), July 83.30-83.40 (83.05), Aug. 83.70-84.10, Oct. 81.55, Dec. 80.15-80.25, March 81.80-81.90, May 82.75-83.25, July 83.70-84.20, Oct. 83.25-83.50. Sales: 3,000.

*Gold — May 479.3 (480.9), June 484.0-485.0 (486.5), July 491.6, Aug. 496.0-499.0, Oct. 515.1, Dec. 527.0-528.0, Feb. 542.3, April 556.5-560.0, June 571.6, Aug. 586.3, Oct. 601.1, Dec. 616.1, Feb. 631.4. Sales: 31,000.

Heating oil (cents per U.S. gallon)—June 0.9132, July 0.9141, Aug. 0.9192, Sept. 0.9350, Oct. 0.9520, Nov. 0.9660, Dec. 0.9863, Jan. 1.0075, Feb. 1.0215, March 1.0390, April 1.0550, May 1.0600. Sales: 2,004.

Orange Juice—May 143.00 (140.10), July 147.35-147.45 (145.55), Sept. 149.50, Nov. 149.50, Jan. 149.40, March 150.20-150.50, May 151.05-151.25, July 151.85-152.25, Sept. 151.90-152.00. Sales: 2,000.

*Platinum—May 453.1 (453.5), June 454.0 (same), July 465.5-467.0, Oct. 484.0, Jan. 505.3, April 525.3. Sales: 1,382.

¶Silver—May 1093.5 (1095.3), June 1108.5 (1108.5), July 1123.0-1125.5, Sept. 1158.0, Dec. 1210.5, Jan. 1228.0, March 1262.0, May 1298.0, July 1335.0, Sept. 1384.0, Dec. 1415.5, Jan. 1432.5, March 1466.5. Handy and Harman bullion spot 1091.00 (1088.00). Sales: 12,680.

CHICAGO, May 6.

Chicago Imm Gold—June 485.0-484.0 (486.8), July 491.7 (494.3), Sept. 506.0-506.8, Oct. 513.4, Dec. 527.9, Jan. 535.2, March 549.9, April 557.3.

WINNIPEG, May 6.

§Barley—May 151.60 (151.00), July 152.50 (152.30), Oct. 150.50, Dec. 151.00, March 151.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 260.62 (258.72).

EUROPEAN MARKETS

ROTTERDAM, May 7.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent May 212, June 209, July 208. U.S. No Two Red Winter May 193, June 180, July 182. U.S. No Two Northern Spring 14 per cent May 209, June/July 210, Aug. 210.50.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat 163, May 162.50, June 163, July 166, Aug. 169, Sept 170, Oct./Dec. 173, Jan./Mar. 182.50.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 313.25, June 313, July 316, Aug. 319, Sept. 320, Oct. 322.50, Nov. 323, Dec. 330, Jan. 335, Feb. 341, Mar. 344, April 349. Argentine June 307.50, July 308.50. Options May 309, June 308, July 309 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 274.50, May 273/272 traded, afloat 273, April 274, May 273; June 274.50, Aug./Sept. 278, July/Sept. 278, Nov./Mar. 295 sellers. Brazil Pellets afloat 284 traded sellers, May 283, June 287.50, May/Sept. 290 sellers.

PARIS, May 7.

Cocoa—(FFr per 100 kilos): May 1003/1024, July 1060 ask, Sept. 1081/1085, Dec. 1102/120, Mar. 1122/1145, May 1139/1157. Sales at call: nil.

Sugar—(FFr per tonne): July 2140/2180, Aug. 2161/2165, Oct. 2110/2113, Nov. 2100/2120, Dec. 2100/2140, Mar. 2170/2180, May 2175/2210, July 2190/2220. Sales at call: 10.

INDICES

FINANCIAL TIMES

May 6	May 5	Month ago	Year ago
254.14	254.50	262.49	276.45

(Base: July 1, 1952=100).

MOODY'S

May 6	May 5	Month ago	Year ago
1075.6	1081.5	1124.0	1111.0

(December 31, 1931=100)

DOW JONES

Dow Jones	May 6	May 5	Month ago	Year ago
Spot	—	389.19	415.44	441.32
Fut'rs	—	402.11	424.69	440.89

(Average 1924-25-26=100).

REUTERS

May 7	May 6	M'nth ago	Year ago
1684.2	1679.3	1690.3	1710.6

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equities continue to slide from last Thursday's peak and 30-share index extends fall to 32.7 at 564.6

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8

* "New time" dealings may take place from 9 am two business days earlier.

London equities conceded ground for the fourth successive trading session yesterday, influenced still by rising U.S. interest rates and expectations that they will remain high for at least a couple of months. Another adverse factor was the view that the Government may have decided to take a cautious line on domestic interest rates, partly because of the statistical fog created by the civil service dispute. Clarification of the 0.75 per cent rise in money growth last month, well within the target range, thus had little impact.

British Telecom's decision to prune its investment programme was of special significance to Electronic shares. Dealers marked prices in the sector sharply lower at the outset and other leading industrials soon followed. The former soon began to rally, but relatively light selling undermined most industrial leaders to the extent that the FT 30-share index showed a fresh drop of 9.9 at 1 pm. The tone remained sensitive throughout the day but in the late trade bear-covering coupled with a revieved small investment demand produced a broader recovery which left the index 6.0 down on balance at 564.6—a fall of 32.7 from the all-time peak of 597.3 achieved a week previously.

Comment on the mid-April banking figures imparted a steadier tone to British Funds after the recent weakness which has taken the FT Government Securities index to a 13-month low. The shorts fared best and regained a maximum of ⅜. Medium and longer-dated issues fluctuated narrowly in a market alive to the possibility of a new tap stock being announced at today's official close and settled mixed; demand developed for selected mediums, which improved ⅛ to ¼, in the late business.

The two recently-issued 25-year Corporation loans, which earlier this week slumped quite dramatically, attracted renewed investment interest and Leeds 13½ per cent 2006 (£10-paid) regained ⅜ to 6⅝, while Swansea 13¾ per cent 2006 recovered ⅝ to 23, in £25-paid form.

Grand Metropolitan attracted an active Traded options business and recorded 340 deals with particular attention paid to the July positions; the 180's attracted 142 trades and the 200's 120. RTZ remained in demand with 217 deals completed, while Racal were also busy with 216. Total contracts completed amounted to 1,531.

Energy Resources and Services Incorporated, a vehicle for investing in energy-related securities, staged a satisfactory market debut; from an opening level of 475p, the shares moved up to 500p.

Composites easier

Still reflecting General Accident's warning that underwriting results would deteriorate throughout the rest of the current year, Composite Insurances drifted to lower levels. After the previous day's fall of 10, G.A. eased further to 330p but rallied to finish unaltered at 334p. Royals gave up 5 to 368p and Eagle Star eased 2 to 248p. Commercial Union also cheapened 2, to 168p; the first-quarter figures are due next Tuesday. Elsewhere, Pearl declined 4 to 420p and Hambro Life 3 to 341p. C. E. Heath closed a penny off at 255p; the price in yesterday's issue was incorrect.

Concern that soaring U.S. Prime Rates would postpone a cut in the Minimum Lending Rate for quite some time prompted dullness in Hire Purchases; London Scottish Finance lost 4 to 53p while Lloyds and Scottish, 194p, and Wagon Finance, 47p, cheapened 2 apiece. Royal Bank of Scotland eased 2 to 164p following the half-yearly figures.

The drinks sector presented a generally dull picture, although one or two bright spots appeared. First-half results from Matthew Brown were well received and the close was 8 higher at 172p. Among Wines and Spirits, renewed speculative support lifted Amalgamated Distilled Products 5 to 62p.

Recently firm Buildings came under considerable pressure as interest rate optimism faded, but selected leading issues closed above the worst. Blue Circle dipped to 472p before closing 10 down on balance at 476p, while Tarmac ended 14 off at 402p, after 396p. Ready Mixed Concrete lost 11 to 198p and BPB 12 to 266p, while Redland, due to report next month, fell 16 to 172p. Barratt Developments shed 8 for a two-day fall of 17 to 232p, while Aberdeen Construction, gave up 14 to 182p on tht disappointing preliminary results. Other dull spots included Feb International A, 8 down at 78p, and Marchwiel, 7 cheaper at 139p, after 138p. Second thoughts about the annual results left P.C. Henderson 13 lower at 152p, while M.A.T. Group shed 4 to 70p following acquisition news.

The company"s revelation that it was still incurring heavy losses in its plastics division had no apparent impact on ICI which attracted a small two-way business and closed unaltered at 308p.

Polly Peck advance

Stores passed the quietest session for some considerable time and the leaders drifted a penny or two lower. Annual results from UDS proved to be much as expected and the shares, firm of late, eased 2 to 88p. Mothercare remained dull at 244p, down 6, while British Home Stores, preliminary results due next Monday, shed 2 to 172p, after 171p. Secondary counters were featured by Polly Peck which spurted 23 to 275p on revived speculative support.

The announcement that British Telecom has cut its £2.2bn capital investment programme for this year by over £200m sparked off selling of selected Electrical issues which closed sharply lower. Standard Telephones and Cables were particularly vulnerable, plummeting 43 to 460p, while Ferranti lost 15 to 485p and MK 17 to 215p, after 210p. Plessey, which had taken a distinct turn for the worse in the late trade on Wednesday, fell further to 282p but rallied to close unaltered at 290p. Thorn EMI ended the same amount lower at 390p, after 383p, but GEC picked up from 650p to finish a net 3 firmer at 660p. Bowthorpe declined 13 to 160p and Unitech lost 12 to 250p, after 248p.

Despite a Press suggestion that Tubes may make a sizeable rights issue to help finance the group's first U.S. acquisition, the shares steadied after recent weakness to close a couple of pence harder on balance at 204p. Other Engineering leaders drifted lower with Hawker notable for a fresh fall of 8 at 322p. Elsewhere, United Engineering stood out with a late jump of 15 to a 1981 peak of 200p in response to the good results and proposed 20 per cent scrip-issue. Ransomes Sims and Jefferies added 7 to 202p following the AGM and Howard Machinery rose 2 to 23p on news of the Boardroom reshuffle. Ash and Lacy added 7 more to 260p and Haden Carrier improved 5 to 367p. Matthew Hall, however, lost 15 to 400p following profit-taking in the wake of the results and proposed 100 per cent scrip-issue, while Jenks and Cattell fell 3 to 78p on further consideration of the poor interim figures. W. G. Allen (Tipton) came on offer at 54p, down 8, while falls of 9 and 10 respectively were seen in Birmingham Mint, 223p, and Martonair International, 260p.

Euro ferries lower

Lack of support and sporadic selling made for dull conditions in Foods, but the leaders showed signs of steadying in the late dealings. Comment on the preliminary results prompted a fall of 13 to 412p in J. Sainsbury. Associated Dairies closed 4 cheaper at 208p, after 206p, while Kwik Save came under pressure and shed 7 to 211p. Elsewhere, Rowntree Mackintosh relinquished 4 to 166p, and Unigate, an unsettled market lately following the finance director's resignation, shed 2 more to 109p.

Miscellaneous Industrial leaders gave ground for the fourth consecutive trading session. Unilever lost 9 more to 520p, while Reckitt and Colman cheapened 8 to 234p as did Glaxo, to 346p. News that the Australian Government had blocked the group's attempt to acquire the 54 per cent of Escor it does not already own saw Bowater retreat to 250p before a late rally left a close of 256p, down only 2 on balance. Elsewhere, European Ferries fell 8½ to 152p on selling ahead of Monday's preliminary results, while Sandhurst Marketing dipped 3 to 56p on the disappointing results, having earlier touched 61p. Thomas Tilling fell 9 to 178p and Hepworth Ceramic lost a similar amount to 126p.

Oils subdued

Awaiting the annual report, released late yesterday, Dunlop attracted speculative interest and rose to 78p before closing a net 3 dearer at 75p. Other Components, however, trended lower. Dowty fell 7 more to 258p, while Automotive Products eased 3 to 71p. Distributors were also dull. British Car Auction closed 4½ off at 79p, while the new nil-paid dipped 3½ to 15p premium.

The majority of Property issues gave modest ground in thin trading, Land Securities easing 6 to 414p and Great Portland Estates 4 to 248p. Elsewhere Brixton Estate, down 9 on Wednesday on disappointing results, shed 2 more to 147p, but Second City Properties improved 3 to 78p on revived speculative interest.

Oils traded on a quiet note. British Petroleum, 388p, and Shell, 384p, shed 6 apiece. Consideration of the respective first-quarter figures left Tricentrol 8 cheaper at 254p and Ultramar 7 off at 443p. Among the occasional bright spots, KCA International moved up late to close 6 dearer at 174p.

Financials were featured by Kellock Trust which jumped 6 to 40p on news that Bank of Scotland has acquired a 40 per cent holding in Kellock's major subsidiary. Kellock Variable Rate Preference closed 9 higher at 38p. Bank of Scotland eased 4 to 350p.

Shippings lacked support and closed with sizeable falls across the board. P & O remained depressed by the chairman's bearish comments on current trading and fell 10 to 146p.

Quiet mines

Activity in mining markets remained at a low level reflecting the easier bullion price, the general weakness of UK equities and the lack of progress by base metal prices in the face of the recent rises in U.S. interest rates.

South African Golds registered minor movements either way. Among the heavyweights, West Driefontein edged up ⅛ to £36⅞ but Free State Geduld fell ⅜ to £22¾ and President Brand a ¼ to £19⅝.

In the medium and lower-priced issues, Western Areas rose 8 to 263p despite news that production will be seriously affected for three days following a fire at the mine. The marginals showed East Daggafontein 4 firmer at a 1981 high of 152p in the wake of renewed U.S. and Johannesburg buying. The Gold Mines index eased 0.5 to 351.2.

Financials were easier across the board. Among South Africans Anglo American Corporation gave up 20 to 670p and Gencor 37 to 900p while Sentrust slipped 10 to 344p. London issues drifted lower throughout the day with Charter finally 5 down at 253p. On the other hand, Rio Tinto-Zinc attracted renewed speculative interest and touched 530p before closing a net 2 firmer at 528p. East Rand Consolidated closed unaltered at 30p following the results.

Australians sustained widespread losses in the wake of the poor performance overnight in Sydney and Melbourne. CRA were notably weak and dropped 13 to 231p following news that the Australian Government had approved CRA's acquisition of the minority interest in Hamersley; the latter gave up 15 to 225p.

Western Mining lost 10 to 278p as did Gold Mines Kalgoorli 390p. Paringa hardened a penny to 64p despite the rejection of the bid from Hampton Areas.

FINANCIAL TIMES STOCK INDICES

	May 7	May 6	May 5	May 1	Apr. 30	Apr. 29	A year ago
Government Secs.	66.74	66.79	67.23	68.56	68.90	68.62	67.54
Fixed Interest	69.39	69.51	70.12	70.96	70.95	70.91	67.44
Industrial Ord.	564.6	570.6	576.9	591.9	597.3	579.9	436.7
Gold Mines	351.2	351.7	351.6	356.6	345.7	346.6	294.8
Ord. Div. Yield	5.84	5.77	5.70	5.57	5.51	5.68	8.11
Earnings, Yld. % (full)	11.56	11.36	11.25	11.00	10.88	11.16	19.86
P/E Ratio (net) (*)	10.82	11.02	11.13	11.39	11.50	11.18	6.11
Total bargains	21,594	23,760	26,448	26,423	28,244	25,814	19,591
Equity turnover £m.	—	148.55	163.57	172.06	222.77	164.78	92.81
Equity bargains	—	17,543	21,345	21,836	24,435	21,495	12,918

10 am 567.4. 11 am 565.2. Noon 562.7. 1 pm 560.7.
2 pm 561.8. 3 pm 563.9.
Latest Index 01-246 8026.
*Nil = 10.00.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	66.74 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.39 (7/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	481.1 (16/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 7	May 6
—Daily		
Gilt Edged Bargains	222.5	233.8
Equities Bargains	113.7	138.7
Value	300.2	380.8
5-day Avrge.		
Gilt Edged Bargains	186.5	176.8
Equities Bargains	138.3	144.4
Value	352.4	359.4

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (47)

BRITISH FUNDS (1)
Exchqr 8¼pc 1981
CANADIANS (1)
Hudson's Bay
BEERS (5)
Amal. Dist. Prods. Young Co. Brew. A
Brown (M.) Do. N-V
Bulmer (H. P.)
STORES (4)
Cornell Dresses Peters Stores
Goodman Bros. Polly Peck
ELECTRICALS (2)
Concord Rotaflex Lec Refrigeration
ENGINEERING (10)
Ash & Lacy Ransomes Sims
Brasway Tecalemit
Carclo Eng Tex Abrasives
Crown House Turriff
Lee (Arthur) Utd. Engineering
FOODS (2)
Needlers S.ngo
INDUSTRIALS (6)
Blundell-Permoglaze Simpson (S.) A
Elliott Peterborough Sunlight Services
Sandhurst Mkt. Vinters
LEISURE (1)
Samuelson
MOTORS (1)
Dunlop
NEWSPAPERS (1)
Collins (Wm.) A
PAPER (1)
Waddington (J.)
PROPERTY (1)
Crest Int. Secs.
TEXTILES (3)
Martin (A.) Yorklyde
Stroud Riley
TRUSTS (6)
Gresham Inv. Int. Inv. Tst. Jersey
Rolinco NV Kellock
Centreway Trust Do. Conv. Pref.
OILS (1)
Brit. Can. Res.
MINES (1)
East Dagga.

NEW LOWS (18)

BRITISH FUNDS (8)
Treas. 11½pc 1985 (£15 paid) Redemption 3pc 1986-96
Treas. 12pc 1986 Treas. 14pc '98-01
Fndg. 6½pc '85-87 Exchqr. 12pc '13-17
Gas 3pc 1990-95 War Loan 3½pc
LOANS (2)
FFI 14pc 1983 FFI 6¼pc Db. '81-84
FOREIGN BONDS (2)
Ireland 9¾pc '91-96 Sweden 13½pc 1986
BUILDINGS (2)
Carron May & Hassell
CHEMICALS (1)
Norsk Hydro
INDUSTRIALS (2)
Gieves Group Standard Ind.
MINES (1)
West Coast

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	22	24	51
Corpns., Dom. and Foreign Bonds	4	14	49
Industrials	103	537	728
Financial & Props.	29	224	243
Oils	23	26	34
Plantations	2	6	15
Mines	33	56	77
Others	64	39	69
Totals	280	926	1,266

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wed.'s closing price pence	Day's change	Stock	No. of price changes	Wed.'s closing price pence	Day's change
Sainsbury (J.)	20	425	—	GEC	15	657	−6
BP	18	394	+8	Turn. & Newl.	14	100	−3
Ultramar	18	450	+7	BAT Inds.	11	347	+2
LASMO	17	576	+13	Bowater	11	258	−5
P. & O. Dafd.	17	156	−3	Comm. Union	11	170	−6
Shell Trans.	17	390	+4	GUS "A"	11	493	−2
RTZ	16	526	+1	Tube Inv.	11	202	−10

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Blue Circle	476	−10	Plessey	290	—
Bowater	256	−2	Racal	368	−3
Brit. Aerospace	220	−2	Redland	172	−16
Dunlop	75	+3	Tarmac	402	−14
Euro. Ferries	152	−8½	Thorn EMI	390	−5
P. & O. Dafd.	146	−10	Tube Invs.	204	+2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 11	May 22	Aug. 6	Aug. 17
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21

For rate indications see end of Share Information Service

Stocks favoured for the call included Debenhams, GKN, Henry Sykes, Wimpey, Keith Collins Petroleum, KCA, Intervision, FNFC, Boots, Conex, Southern Pacific Petroleum, Crest International, Trust Securities, D. M. Lancaster, Pict Petroleum and Acrow A. Puts were taken out in Boots, Cope Allman, Currys, Courtaulds, Rothmans, Lucas, Burton, Tootal and Thorn EMI. Doubles were arranged in FNFC and P & O Deferred.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thurs., May 7, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. May 6 Index No.	Tues. May 5 Index No.	Fri. May 1 Index No.	Thurs. April 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	345.60	−1.7	11.13	4.58	11.11	351.46	354.96	362.16	364.57	238.62
2	Building Materials (25)	317.66	−3.0	14.14	5.58	8.48	327.58	329.97	334.34	332.11	236.37
3	Contracting, Construction (28)	583.73	−2.2	15.68	4.69	7.71	596.90	600.15	608.12	610.27	351.91
4	Electricals (28)	1042.86	−0.8	8.35	2.55	14.88	1051.60	1063.84	1080.20	1101.89	629.75
5	Engineering Contractors (11)	489.54	−0.8	12.91	5.33	9.48	493.36	490.03	506.22	512.20	278.89
6	Mechanical Engineering (70)	214.29	−2.5	13.20	5.71	9.50	219.77	221.67	228.06	229.06	158.28
8	Metals and Metal Forming (13)	172.32	−1.0	9.16	7.10	14.27	174.12	176.96	182.17	181.34	164.47
9	Motors (21)	108.67	−0.6	7.85	7.04	19.71	109.32	110.98	112.76	111.21	103.82
10	Other Industrial Materials (18)	366.37	−1.7	11.30	5.62	10.64	372.80	377.52	388.57	387.79	0.00
21	CONSUMER GROUP (195)	283.06	−1.2	12.91	5.59	9.45	286.54	287.99	294.41	294.75	216.79
22	Brewers and Distillers (20)	304.62	−1.5	15.23	6.01	7.79	309.13	312.50	322.09	320.86	279.45
25	Food Manufacturing (21)	255.92	−1.5	14.93	6.17	8.09	259.92	261.41	269.21	268.80	191.56
26	Food Retailing (14)	536.20	−2.3	9.27	3.27	12.74	548.56	546.62	556.21	548.36	299.87
27	Health and Household Products (7)	301.19	−1.3	8.97	4.76	13.26	305.12	305.65	313.43	315.47	187.64
29	Leisure (22)	430.56	−1.7	11.79	5.22	10.08	437.92	440.80	448.77	444.48	294.22
32	Newspapers, Publishing (12)	517.70	−0.2	16.25	5.45	8.07	518.73	516.08	520.13	513.75	403.28
33	Packaging and Paper (14)	151.94	−1.0	17.57	7.60	6.68	153.52	156.31	161.79	161.26	130.96
34	Stores (44)	283.71	−1.0	10.38	4.46	12.59	286.52	287.40	292.70	294.06	213.78
35	Textiles (22)	166.14	−0.7	12.13	7.57	11.30	167.36	170.54	171.73	172.84	124.13
36	Tobaccos (3)	256.58	+0.5	20.53	9.67	5.68	255.37	254.47	257.44	265.71	207.54
39	Other Consumer (16)	305.60	−0.8	12.21	6.30	10.63	308.02	309.57	311.40	310.10	0.00
41	OTHER GROUPS (79)	239.03	−1.2	12.98	6.31	9.47	242.01	243.75	248.42	249.19	203.38
42	Chemicals (15)	303.31	−0.3	10.62	6.80	11.94	304.31	307.74	316.46	320.04	304.26
44	Office Equipment (6)	118.93	−1.4	15.50	7.04	7.60	120.59	120.94	123.40	124.11	111.19
45	Shipping and Transport (13)	603.39	−3.6	14.85	6.38	8.01	625.75	630.24	637.13	642.05	507.12
46	Miscellaneous (45)	300.16	−1.3	14.42	5.52	8.51	304.25	305.32	308.77	305.91	244.73
49	INDUSTRIAL GROUP (488)	298.65	−1.4	12.26	5.31	10.00	302.84	305.00	311.45	312.53	226.34
51	Oils (12)	818.75	−1.5	21.99	6.94	5.04	822.75	809.64	818.17	796.06	726.03
59	500 SHARE INDEX	339.58	−1.4	14.02	5.61	8.49	344.40	346.42	352.08	351.41	265.96
61	FINANCIAL GROUP (118)	254.75	−0.6	—	5.57	—	256.22	258.16	262.50	261.62	202.12
62	Banks (6)	254.30	+0.2	36.38	7.12	3.20	253.89	252.48	258.46	256.82	213.56
63	Discount Houses (10)	301.75	+0.1	—	6.74	—	301.46	304.30	304.47	308.70	244.48
64	Hire Purchase (4)	263.00	−1.1	8.55	4.72	16.17	265.94	265.94	265.83	266.07	208.01
65	Insurance (Life) (10)	250.88	−1.7	—	5.96	—	255.22	258.43	264.48	267.91	182.11
66	Insurance (Composite) (9)	163.02	−0.5	—	7.53	—	163.92	167.99	171.33	171.86	131.33
67	Insurance Brokers (8)	380.18	+0.8	11.48	6.06	11.89	377.04	380.53	387.57	384.13	296.42
68	Merchant Banks (13)	158.62	−0.8	—	5.04	—	159.92	160.11	160.14	159.38	105.38
69	Property (48)	493.07	−0.9	3.15	2.63	43.77	497.74	500.94	507.50	502.08	399.59
70	Miscellaneous (10)	170.06	−0.4	18.61	6.09	6.53	170.68	170.72	171.89	169.66	129.16
71	Investment Trusts (109)	306.26	−1.2	—	5.05	—	310.07	311.98	316.13	314.98	216.47
81	Mining Finance (3)	253.90	—	13.50	5.28	8.68	253.94	253.69	256.70	261.78	181.95
91	Overseas Traders (20)	473.02	−0.7	11.38	6.16	10.78	476.38	479.47	483.95	481.29	378.16
99	ALL-SHARE INDEX (750)	321.71	−1.2	—	5.57	—	325.59	326.88	332.77	332.18	250.39

FIXED INTEREST

	PRICE INDICES	Thurs., May 7	Day's change %	Wed. May 6	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.18	+0.17	107.00	—	4.17
2	5-15 years	107.46	−0.02	107.48	—	4.00
3	Over 15 years	110.13	−0.04	110.17	—	4.93
4	Irredeemables	119.38	−0.13	119.53	—	6.23
5	All stocks	107.92	+0.03	107.89	—	4.34
6	Debentures & Loans	86.30	−0.03	86.33	—	3.76
7	Preference	67.09	−0.37	67.34	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Thurs., May 7	Wed. May 6	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.12	12.13	12.32
2		15 years	12.73	12.71	12.23
3		25 years	12.85	12.82	12.23
4	Medium Coupons	5 years	13.96	14.00	14.18
5		15 years	14.43	14.41	13.95
6		25 years	14.02	14.00	13.70
7	High Coupons	5 years	13.93	14.00	14.24
8		15 years	14.59	14.58	14.21
9		25 years	14.20	14.21	14.18
10	Irredeemables†		12.23	12.21	11.32
11	Debs & Loans	5 years	14.72	14.69	14.70
12		15 years	14.81	14.81	14.63
13		25 years	14.81	14.81	14.55
14	Preference†		14.75	14.67	15.78

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‖ ‖	F.P.	—	£19⅝	£16¼	Amdahl	£17½	+¼	Q 40c	—	1.0	—
‖ ‖	F.P.	—	300	200	✱Atlantic Res.	235	.....	—	—	—	—
§90	F.P.	15/5	120	89	✱Consultants 10p	115	+5	—	—	—	—
‖ ‖	F.P.	—	183	112	†† Eglinton Oil & Gas	160	.....	—	—	—	—
475	F.P.	—	500	475	Energy Res. & Service	500	.....	—	—	—	—
30	F.P.	24/4	53	36	✱Euroflame	50	−1	b3.1	2.5	6.0	9.5
100	F.P.	22/5	111	102	G.T. GlobalRec. Inv Tst	106	.....	—	—	—	—
‖ ‖	F.P.	—	62	56	✱Harvey & Thompson	56	.....	g2.24	1.1	5.7	22.0
¶ ¶	F.P.	—	96	90	✱Intasun	90	.....	g2.8	4.3	4.4	6.6
§84	F.P.	15/5	114	93	✱Metal Bulletin	112	−2	—	—	6.4	15.1
18§	F.P.	—	22	20½	Munton Bros. 10p	21½	.....	—	—	—	12.2
—	F.P.	—	57	42½	New Darien Warrants	42½	.....	—	—	—	—
‖ ‖	F.P.	—	5	3½	✱Reliant Motors	4½	.....	—	—	—	—
25	F.P.	—	25	20	Stone Platt Cnv Cm Pf	26	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
9p	Nil	—	17p	16p	BPC 7.75% Non. Cum. Prf.	16p	.....
¶	£10	18/6	10¼	10	Cambridge Water 8% Prf. 1986	10	.....
•	F.P.	13/5	34p	32p	Colonial Secs. 7% Cum. 2nd Pref. 5p	33p	.....
99.486	£30	—	29⅛	28¼	International Bk. 13⅝% Ln. 1986	28¼	−¼
97¾	£10	10/7	11	6	Leeds (City of) 13½% Red. 2006	6⅝	+⅝
‖	F.P.	—	107p	101p	Norton (WE) 11% Cnv. Cum. Rd. Prf.	101p	.....
96¾	£20	—	20	16¾	Petroleos Mex. 14½% Ln. Due 2006 £20pd	16¾	−¼
¶	F.P.	26/6	102¼	102½	Sutton District Water 8% Pref.	102½	.....
96¾	£25	—	26⅛	22¼	Swansea (City of) 13¾% Red. 2006 £25pd	23	+⅝
‖	Nil	—	2ppm	½pm	Weir Group 10% Red Cum Part. Conv. Prf.	½pm	.....
¶	F.P.	4/6	103	102¼	West Hampshire Water 8% Red. Prf. '86	102½	.....

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p‡	+ or −
154	F.P.	9/5	22/5	220	171	Assoc. Dairies	212	−4
2	F.P.	8/4	29/5	6½	2	Barker & Dobson A	6	−½
66	Nil	—	—	20pm	13pm	Brit. Car Auction	15pm	−3½
25	Nil	22/5	3/7	7½pm	7½pm	Brit. Dredging	7pm	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.1 92.2xd 14.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM31.90 33.50 +0.15 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. April 28 $4.80 5.04 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.77 17.19 +0.09 —
Int. Rentenfonds DM60.75 62.27 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV April 28 US$32.38 34.45 ..... —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 160.2 171.8 ..... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.4 70.7 ..... 7.07
E. A. Sterling* £68.27 68.31 ..... —
E. A. Equity* £71.32 75.88 ..... 1.65
Wardgate Cm. Fd.** £17.19 17.89 ..... 2.91
*Next dealing May 13. **Next dealing May 29.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2. Tel: 01-247 7243. Telex 8814408.
Euro Hldgs. US$19.85 20.44 ..... 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.56 −0.03 1.85

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA. US$11.97 ..... 1.22
F. & C. Oriental Fd. US$24.01 ..... —
Prices April 29. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$40.28 ..... 1.190
Am. Vals. Cum.Pf. $3* $101.25 ..... —
American Vals. Com.* $17.86 ..... —
Dollar Savings Trust US$78.93 +0.03 15.59
Far East US$33.54 −0.52 —
International US$46.27 ..... —
Pacific US$109.99 ..... —
World US$25.10 ..... —
Gilt Fund 22.4 22.6xd 13.83
*Prices at April 1.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. 26.1 27.5 −0.3 5.90

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming April 30 US$76.65 ..... —

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins DM37.19 40.64 −0.07 —
Frankft. Effekt. Fd. DM52.92 55.71 +0.40 —

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 152.0 162.1xd 3.25
H S. Fixed Int. Fd. 91.0 96.0 ..... 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.93 25.93 +0.05 —
CSF Fd. (Acc.) SF18.65 19.24 +0.01 —
Crossbow Fd. SF7.07 7.19 −0.09 —
ITF Fd. (Acc.) US$13.73 13.99 +0.07 —

Rothschild Asset Management (C.I.)
P.O. Box 58; St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.80 2.97 ..... —
OCSm. Co.*** 123.9 131.8 ..... —
O.C. Commodity* 93.9 99.8 ..... —
O.C. Dir. Comdty.† US$44.43 47.26 ..... —
O.C. Hong Kg. Fd.† HK$35.87 38.15 ..... —
O.C. Sterling Fd.** £13.588 ..... −0.008 —

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	61.0	65.6	+0.7	2.27
Abbey Capital	52.5	55.6xd	-1.1	3.96
Abbey General	59.8	64.6	-1.1	4.75
Abbey Gilt & F.I. Tst.	103.6	109.1	----	12.00
Abbey Income	39.5	42.7xd	-0.5	8.22
Abbey W'w.Bd.Tst.	95.5	101.1	+0.4	6.63
Abbey Inv. Tst. Fd.	53.5	57.8	-0.3	4.15
Equitas Prog. Tst.	85.0	91.9xd	-1.1	4.45

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.6	86.9xd	+0.1	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	95.1	101.8	-1.3	5.50
Brit. Inds. Fund	82.6	88.6	-1.5	5.77
Growth & Income	54.2	58.0	-0.6	4.66
Elect. & Ind. Dev.	47.6	50.9xd	-0.7	4.91
Allied Capital	100.9	108.0xd	-1.6	4.07
Hambro Fund	141.4	151.3	-2.0	5.49
Hambro Acc. Fund	191.6	205.0	-3.0	4.00

Income Funds

High Yield Fd.	73.1	78.2	-0.8	7.67

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	44.0	47.9	+0.5	0.53
Cres. Internat'l.	87.7	94.7	+0.1	1.65
Cres. High. Dist.	46.9	50.6xd	-0.7	9.39
Cres. Reserves	53.7	57.7	-0.9	4.09
Cres. Tokyo	37.0	39.9	+0.1	0.86

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0xd	----	9.05

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. April 30	266.9	284.6	----	4.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.9	----	6.77
Gt. Winchester O'seas	30.2	38.3	----	3.19

For Euston and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M.♦ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	94.5	99.4	-1.4	4.35

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	40.0	43.1	+0.2	0.55
Amer. Spec. Sits. (z)	28.8	31.0xd	+0.3	0.25
Gilt + Fixed Int.	23.4	25.6xd	----	12.27
Growth + Income	35.8	38.5	-0.4	6.41
Maximum Inc. Eq. Tst.	31.0	33.4	-0.3	8.06

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99 31/32	97 3/4	Exch. 8¼pc 1981	99 31/32xd	+1/32	8.27	11.16
99½	97¼	Exch. 9½pc 1981	99½	......	9.55	11.50
97½	93¼	Exch. 3pc 1981	97½	......	3.08	11.96

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
95	92¼	Aust. 5½pc '81-82	94¼	+¼	5.86	12.75
87½	83½	Do. 6pc 1981-83	84xd	......	7.09	13.17
67¼	63¾	N.Z. 7½pc 1988-92	65½	−¼	11.47	13.88
81¾	78	Do. 7½pc '83-86	80½	−¼	9.64	13.65
99½	94¾	Sth. Africa 9½pc '79-81	96¾	+¼	9.81	16.05
141	115	S. Rhod. 2½pc Non-Ass.	138	......	—	—
59	43	Do. 3½pc 80-85 Asstd.	53	......	6.67	20.40
40	26	Do. 4½pc 87-92 Asstd.	35	......	13.22	19.20
395	333	Zimbabwe Ann (£100pa)	380	......	—	21.16

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1981 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Yld Gr's
10⅞	812p	Hudson's Bay II	10⅞	+⅞	$1.20	—	4.2
10⅞	795p	Hud. B. Oil G. $2½	10⅞xd	......	32c	—	1.1
13¼	11½	Imperial Oil	13⅛	+¼	$1.40	—	4.0
10½	765p	Inco	930pxd	......	SUS72c	—	3.4
700p	450p	Int. Nat. Gas $1	680p	......	$1.10	—	6.0
210p	155p	Massey Ferg.	175p	−5	—	—	—
120p	80p	Place Gas $1	84p	+4	—	—	—
16⅛	10¼	Rio Algom	15⅝	+⅛	$1.50	—	3.6
12	10⅞	Royal Bk. Can. $1	11⅞	−⅛	$1.60	—	6.3
26	23¼	Seagram Co. C$1	24⅝xd	−⅛	US$1.40	—	2.5
13⅞	11¼	Tor. Dom. Bk. $1	12⅞	......	$1.60	—	4.9
10½	750p	Trans Can. Pipe	10½	+¼	$1.16	—	4.3

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

175	142	Anglo-Dominion	170		—	—	—
55	40	Barymin	45	+2	—	—	—
24	14	Burma Mines 10p	19		0.75	0.9	5.6
315	180	Colby Res. Corp.	220		—	—	—
270	200	Cons. Murch. 10c.	270		t030c	1.8	6.4
98	75	††Hemerdon 10c.	85		—	—	—
180	135	Highwood Res.	155	+10	—	—	—
400	300	Northgate C$1	340	−10	—	—	—
580	372	R.T.Z.	528	+2	16.0	3.2	4.4
£125	£93½	Do.%%Cv.Ln.'95-2000	£120	−3	Q9½%	—	8.3
143	112	††SPO Minerals 10p	112		—	—	—
47	33	Sabina Inds. C$1	34		—	—	—
39	28	††SWCM 10p	39		—	—	—
550	465	Tara Exptn. $1	500	−25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- || No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital;cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-82. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	43		**IRISH**		
Bertam	14		Conv. 9% '80/82	£93¾	−¼
Bdg'wtr. Est. 50p	460	−15	Nat. 9¼% 84/89	£75¼	
Craig & Rose £1	£11¼		Fin. 13% 97/02	£88¾	
Fife Forge	61		Alliance Gas	79	
Finlay Pkg. 5p	20	−1	Arnott	255	
Graig Ship. £1	£20		Carroll (P.J.)	88	+1
Higsons Brew	70		Concrete Prods.	95	
Holt (Jos) 25p	450		Helton (Hldgs.)	28	
I.O.M. Stm. £1	157		Ins. Corp.	395	
Pearce (C. H.)	£10		Irish Ropes	53	
Peel Hldgs.	100		Jacob	58	
Sheff. Refrshmt	101	−1	T.M.G.	30	+3
Sindall (Wm.)	175		Unidare	100	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	15
BOC Intl.	11	"Imps"	7	Woolworths	5
B.S.R.	4½	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	14	Lucas Inds.	18	Samuel Props.	15
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	7	Mrks. & Spncr.	9		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	7	Brit. Petroleum	36
Courtaulds	6	Nat. West. Bank	32	Burmah Oil	16
Debenhams	8	P & O Dfd.	13	Charterhall	9
Distillers	17	Plessey	30	KCA	22
Dunlop	7½	Racal Elect.	34	Premier	10
Eagle Star	22	R.H.M.	5	Shell	34
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	20	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	24	Thorn EMI	38	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	18	Cons. Gold	45
Guardian	32	Tube Invest.	18	Lonrho	9
G.K.N.	16	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday May 8 1981

Thousands watch Bobby Sands's funeral

BY STEWART DALBY AND WALTER ELLIS IN BELFAST

MR. BOBBY SANDS, the IRA hunger striker who died on Tuesday after a 65-day fast, was buried in Belfast, Northern Ireland yesterday with an IRA guard of honour watched by thousands of mourners.

A long procession of about 20,000 people marched the three miles from Mr. Sands's parish church in Twinbrook, west of the city, to Milltown cemetery in the predominantly Roman Catholic area of the Upper Falls Road. The service and burial in heavy rain went off peacefully despite police and army fears of new outbreaks of rioting.

The security forces were out in strength. Armoured cars were placed at strategic points on the route. Police cut off the Protestant area of Suffolk, which adjoins Twinbrook, with large canvas sheets which blocked the view from one community to the other.

At the funeral two helicopters flew continually overhead, almost drowning out the speeches.

Northern Ireland police last night issued a special warning to prominent people to be on the alert against IRA and Irish National Liberation Army attack during the next few days.

In the centre of Belfast another service brought the city centre to a standstill. About 3,000 people gathered at the City Hall to hear the Rev. Ian Paisley lead a commemorative service for the victims of Ulster's troubles.

Traffic was halted. Nearby stores closed. Workers watched from office windows.

The only moment of drama during Mr. Sands's funeral came when three IRA men in battledress and balaclava helmets fired three rounds over the grave from revolvers.

At the funeral, Mr. Jerry Adams, vice president of Provisional Sinn Fein, the political wing of the Provisional IRA, said that he wanted the burial to take place with dignity. He asked people to leave the cemetery without causing confrontation.

He said H-block supporters should "avoid violence and not be drawn into further confrontations with the army despite their clear provocations by saturating Republican areas," with security forces.

In a nationwide television broadcast just before Mr. Sands's burial, Mr. Humphrey Atkins, Northern Ireland Secretary, told the people of Northern Ireland that the Government would never give in to the Maze prisoners' demands for political status.

The Government was not prepared to concede such status to prevent others from dying on hunger strike, he said.

In his second major statement in a week, Mr. Atkins said: "There is no question here of any lack of flexibility. We come right up against the matter of principle.

"Is murder any the less murder because the person responsible claims he had a political motive? The answer is no."

There would soon be "the funeral of Constable Ellis, an officer of the law murdered (on Wednesday) in Belfast in the course of his duties. The dead Constable Ellis differs from the dead Mr. Sands in that his death was not of his choosing.

"The two bereaved families can surely not be the only two who realise that there can be no worthwhile dividend from terrorism."

Three other IRA prisoners are still on hunger strike for political status at the Maze Prison. One of them, Mr. Francis Hughes, who has been refusing food since March 15 has been in a critical condition for some days.

In the Irish Republic yesterday a group of 12 masked provisional IRA men in combat dress fired a volley at the start of a demonstration in the border town of Monaghan.

The shots were fired as several thousand marchers lined up behind a coffin draped with an Irish flag to parade in support of the H-block campaign. Police kept a low profile.

Nearly 3,000 people marched silently through Dublin yesterday as a mark of respect to Mr. Sands.

A handful of shops and stores in the city fell in line with a close-down call from the national H-block committee which organised the march.

Some traders who put up their shutters said they feared a repeat of violence that broke out in the city on Tuesday night when windows were smashed by rampaging youths after a previous Sands protest meeting.

Picture Page 6; Government move on elections Page 8

Biffen defends his decision not to wind up St Piran

BY JOHN MOORE

MR. JOHN BIFFEN, the Trade Secretary, has defended his decision to reject a recommendation by Department of Trade inspectors that Saint Piran, the controversial tin mining and housebuilding group, should be wound up.

In a letter to Mr. Stanley Clinton Davis, Opposition spokesman on Trade, Mr. Biffen says: "It is no light matter to seek to wind up an active trading company which is solvent and which is apparently conducting its relations with the outside world without any evidence (in a Department of Trade report) of criminality."

At the same time Mr. Biffen has decided not to refer a bid from Gasco Investments, the master company of Mr. Jim Raper, a former chairman of Saint Piran, to the Monopolies and Mergers Commission.

The takeover has been made despite criticism from the Takeover Panel last year, and a requirement under the Takeover code that Mr. Raper should make an offer of 85p per share. Gasco is offering 60p a share.

At the weekend Mr. Graham Walsh, director general of the Takeover Panel, said he would have welcomed a reference of the bid to the Monopolies and Mergers Commission.

Mr. Biffen has decided not to refer the bid to the Commission because there was no discernable impact on competition and it was felt that the Monopolies Commission was not a suitable vehicle for dealing with the situation.

Mr. Clinton Davis had claimed to the Trade Secretary that the Saint Piran affair had "blatantly revealed how pathetically inadequate" the powers of the Takeover Panel were.

Mr Biffen said in his leter to Mr. Clinton Davis that it was undesirable that "tactics outside the ethical standards (of the City) should succeed. But the tactics in this case do not appear from the report to amount to crime."

He added "There is no system, compatible with reasonable freedom, which can promise to stop such tactics every time."

The Department of Trade has passed the inspectors' report into the affairs of Saint Piran to the office of the Director of Public Prosecutions, it was learned yesterday.

According to the Department of Trade it was a foutine procedure. The Director of Public Prosecutions is expected to decide in the next few weeks whether further action is necessary.

Pension costs becoming intolerable, Howe warns

BY CHRISTINE MOIR

THE COST of providing pensions for retired people could become "an unsustainable burden" on the working population, Sir Geoffrey Howe, the Chancellor, warned yesterday.

"We are in danger of requiring the working population through their contribution and taxes, to provide more than they are prepared to tolerate," he told the National Association of Pension Funds conference, in Birmingham.

The cost of the state-guaranted retirement schemes set up in 1978 was "only beginnig to be felt. In the far from-distant future, expenditure on pensions could well provoke serious tensions.

Under the state schemes, the Chancellor said, "society has locked itself into providing benefits without having made the economic adjustments necessary to sustain them."

Sir Geoffrey underlined the urgency of the problem by noting that in the U.S., where similar guarantees had been made, the social security system could face bankruptcy early in the next centry.

Society, he said, could not afford "to increase the real value of pensions" while "real national income is falling."

Nor was the problem confined to the public sector. "We must ask if private employers are not offering too generous pensions, in the sense that the real resources needed to meet them are placing too heavy a burden on the companies concerned. Is two-thirds of final salary after 40 years too ambitious?"

Sir Geoffrey said that there was no magic solution. The only answer lay in economic growth through improved profitability, growth in which pensioners could then share.

Index-linked issues of gilt-edged stock would offer no way out. Sir Geoffrey warned that there might not be many such issues. "They are a function of monetary policy, not an instrument for funding pensions. One cannot be sure that there will be enough issued to fund pensions."

The Chancellor urged institutional investment managers to be imaginative in seeking new areas for investment. They could do more to encourage companies' profitability by nominating non-executive directors, by creating closer relationships with companies and, in some circumstances, even by prompting takeovers.

He hoped to encourage further investment by the private investor too. Something had already been done to restore the balance of private investment in the new Finance Bill, which provides incentives for investors in "start up" companies, but he hinted at more incentives to come, saying he was "not convinced that we should now leave things as they are."

Sir Geoffrey also reassured institutional investors that the Government would not seek to direct investment into or out of any area. For instance, "we cannot expect institutions to ignore good returns on investments offered overseas."

The Chancellor made it clear that he opposed recommendations from within the Labour movement that institutional funds should be diverted into worthy causes at home.

Carrington may voice fears over pace of EEC budget reform

BY JOHN WYLES IN BRUSSELS

LORD CARRINGTON, the Foreign Secretary, is expected this weekend to voice British fears that the European Commission is falling behind schedule in its search for a permanent solution for cutting Britain's payments to Brussels.

At an informal meeting of EEC Foreign Ministers in the Netherlands, Lord Carrington is expected to remind M. Gaston Thorn, the Commission President,, of the importance of producing proposals for restructuring the EEC budget by June 15. It is feared that any delay may prevent the EEC heads of government summit on June 29-30 from successfully launching the Community's most vital internal negotiations in recent years.

The British concern is viewed with some irritation in the Commission, which believes it has matters well in hand. In the last fe wweeks official working groups have produced documents examining possible changes to everything from the Common Agricultural Policy to obscure budgetary mechanism.

But it is conceded that the 14-member Commission has yet to hold a substantive discussion reviewing the highly sensitive political choices to be made in fulfilling its so-called "budget mandate."

This discussion is due to take place next week. Most Commissioners see no reason for doubting that they will provide a document of some quality which will offer a shopping list of possible budget reforms to ensure that Britain and West Germany will cease to be the only big net contributors.

The mandate is going to be a severe test for British diplomacy and officials in Brussels believe that this is at the back of Lord Carrington's anxieties.

From the beginning of July until the end of the year Britain will be President of the Council of Ministers and required to give neutral handling to an issue of vital importance to the UK.

The earlier the Commission produces its proposals in June the better the unrestricted chance the British will have to influence the main lines of the budget negotiations before their presidency.

Most other member states are more relaxed about the Commission's state of readiness. However, Lord Carrington's pressure on Mr Christoph van der Klaauw, the Netherlands foreign minister and president of the Council of Foreign Ministers.

The Netherlands Government may well be changed by this month's general election, but the country obviously has a vested interest in wanting to preside over as smooth a summit as possible in June.

Mr. van der Klaauw wants the Commission's proposals in good time to allow full preparation for the summit.

M Thorn's preoccupations also include the fact that the European Parliament holds its regular monthly session in the week beginning June 15. The last thing the Commission wants is to have to defend its proposals at the Parliament before member governments have discussed them.

Nor will M Thorn want to allow too much time for governments to take up positions before the summit, so this also argues for production of the Commission document on about June 18-19.

Iraq aims for domestic vehicle production

BY KEVIN DONE IN FRANKFURT

IRAQ aims to start domestic production of cars, lorries and tractors, possibly as early as 1985, in a project wrich would involve an investment of at least £2.5bn.

A consultant planning contract has been awarded to a consortium of West German companies led by Weidleplan Consulting of Stuttgart.

Fee income for the work is expected to amount to more than £25m for the consortium, which iscludes Kohlbecker Gesamtplan of Gaggenau and Integral Architekten und Ingenieure of Dusseldorf.

The contract was signed in Baghdad by Mr. Taher Taufiq, the Iraqui Industry Minister.

According to Weidleplan yesterday, the project will involve a great degree of local manufacturing and not just local assembly.

It envisages the production of a minimum of 120,000 cars a year, together with an annual output of 25,000 trucks and 15,000 tractors. The population of Iraq is 12.7m.

In order to meet the 1985 target, the first civil construction work would have to begin towards the endo of next year or the beginning of 1983, with initial building orders being placed next year.

Part of the consultants' task is to decide on the most suitable site in Iraq for the project, which will require a new town with 20-25,000 new homes to be built.

The consultants will also be drawing up the general specifications for the vehicles which would be most suitable for local Iraqi conditions.

Widespread interest is already understood to have been expressed by a large group of Western and Japanese car and truck makers.

Ford raises $40m with Manhattan property sale

BY PAUL BETTS IN NEW YORK

FORD, the second largest U.S. motor maker, which lost $1.5bn (£707m) last year, has sold its 19-storey office building on Manhattan's West Side for $40m to two New York property investors.

This follows a decision by General Motors, the leading U.S. car maker, to sell its tower block on Fifth Avenue opposite Central Park for $500m.

GM said last month it planned to sell its prestige building to raise cash which it badly needs for a big investment programme designed to retool for the production of smaller, more fuel-efficient cars.

However, Ford said the sale of its building to Mr. George Kaufman and Mr. Aaron Gural was not to raise money for its ambitious and costly retooling programme. It said an attractive offer had been made, and the company had decided to accept it. The Ford building is at 555 West 57th Street, near the Hudson River.

Ford will continue to occupy the building as a tenant, leasing its space for 15 years at an annual rent of about $3m.

The sale comes while the Manhattan property market is booming. New construction is at a peak, and real estate transactions are breaking all records.

Last year Pan Am sold its building in Park Avenue for $400m to Metropolitan Life Insurance. Chemical Bank last month sold its headquarters building near Wall Street for $50.2m. But perhaps the biggest excitement is being generated by the proposed sale of the World Trade Centre at the southern tip of Manhattan. If the centre fetches the $1.5bn suggested asking price, the transaction could break all property sale records.

Continued from Page 1

OECD aid to Turkey

attached "particular importance" to the restatement of the Turkish authorities' aim to achieve a rapid restoration of workable parliamentary democracy.

This statement was clearly linked to recent criticisms of Turkey's military dictatorship from some OECD countries, notably West Germany, which announced yesterday that it was cutting its contribution from DM 560m in 1980 to DM 460m this year.

The West Germans apparently indicated to their partners yesterday that the main reason behind this reduction was their own balance-of-payments problems.

While the increased American credits, up from $295m to $350m, have largely compensated for the reduced West German programme, most of the other national contributions will remain the same as last year, with Italy ($115m), Japan ($110m) and France (about £80m) providing the main funds.

Tukey will also be able to draw on some $600m of credits which are still unused from the 1979 and 1980 agreements.

Weather

UK TODAY

OUTBREAKS of rain and some sunny intervals. Generally warmer.

London, E. and Central England
Rain, some fog, brighter and showery later. Max. 18C (64F).

W. England, Wales, Isle of Man, Channel Isles.
Showers with bright, sunny, intervals. Max. 16C (61F).

W. Scotland, Central Highlands, N. Ireland
Rain, some fog, brighter later. Max 17C (63F).

Rest of Scotland
Some rain and fog patches, cloudy. Max. 12C (54F).

Outlook:
Continuing unsettled but warm.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	Lisbon	C	16	61
Algiers	F	23	73	Locarno	S	20	68
Amsdm.	F	19	66	London	C	18	64
Athens	S	21	70	L. Ang.†	F	13	55
Bahrain	S	28	82	Luxmbg.	F	19	66
Barclna.	C	17	63	Luxor	S	36	97
Belfast	R	12	54	Madrid	C	17	63
Belgrd.	F	16	61	Majorca	F	23	73
Berlin	F	17	63	Malaga	C	20	68
Biarritz	F	23	73	Malta	S	21	70
Bmghm.	F	16	61	M'chstr	F	16	61
Blackpl.	F	17	63	Melbne.	F	15	59
Bordx.	C	21	70	Miami†	R	26	78
Boulgn.	C	19	66	Milan	F	21	70
Bristol	R	15	59	Moscow	S	23	73
Brussels	F	20	68	Munich	S	18	64
Budpst.	S	19	66	Nairobi	F	24	75
Cardiff	C	14	57	Naples	S	20	68
Cas'b'ca	C	18	64	Nwcstl.	F	16	61
Cape T.	F	22	72	N York†	S	7	45
Cologne	S	18	64	Nice	F	17	63
Cpnhgn.	S	15	59	Nicosia	F	20	68
Corfu	S	20	68	Oporto	C	15	59
Dublin	R	12	54	Oslo	C	10	50
Dbrvnk.	S	20	68	Paris	F	18	64
Ednbgh.	F	17	63	Perth	S	22	72
Faro	C	19	66	Prague	S	16	61
Florence	S	22	72	Rykjvk.	S	3	37
Frankft.	F	17	63	Rhodes	F	19	66
Funchal	F	20	68	Rome	F	21	70
Geneva	F	17	63	Salzbrg.	S	18	64
Gibrltr.	C	17	63	Singapr.	F	29	84
Gl'sg'w	F	14	57	Stckhm.	C	14	57
G'msey	S	14	57	Strasbrg.	F	21	70
Helsinki	S	13	54	Sydney	F	20	68
H. Kong	S	29	84	Tangier	C	19	66
Innsbrk	S	17	63	Tenerife	F	23	73
Invrnes.	C	9	48	Tokyo	R	15	59
I.o.Man	F	12	54	Tunis	S	23	73
Istanbul	R	11	52	Valencia	R	15	59
Jersey	F	14	57	Venice	S	18	64
Jo'burg	S	18	64	Warsaw	F	14	57
L. Plms.	F	21	70	Zurich	F	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

Base rate squeeze on Royal Bank

With two £500m takeover bids for the Royal Bank of Scotland before the Monopolies Commission, the stock market's interest in the bank's interim figures yesterday was largely academic. Still, they show a tightening squeeze on clearing bank earnings: pre-tax profits for the six months to March work out at £42.2m, against £51.8m in the same 1979-80 period.

Some £3m of the fall reflects a higher bad debt provision, and associates (mostly Lloyds and Scottish) contributed £1½m less. But last year's figure was struck after more than £2m of losses on gilt-edged and a £3m exceptional pension provision, so there is a fairly steep underlying fall.

Average base rate was nearly 2 points below the level of a year ago, and Royal Bank's costs of funds has risen significantly. Operating costs are sharply higher, and customers have increasingly been running their current accounts for their own benefit rather than the bank's. There seems to have been some levelling off in the last few months, but the endowment effect is clearly not what it was.

In these unexciting conditions it is perhaps not surprising that the idea of merging with a big international bank appeals to the Royal Bank directors. Yesterday the less favoured suitor, Hongkong and Shanghai, published its annual report, in which the artwork is a good deal more interesting than the secret reserve-laden accounts. Peat Marwick and Price Waterhouse have somehow come to the conclusion that these represent a true and fair view. At 164p, down 2p yesterday, the Royal Bank shares are marking time on a yield of 4½ per cent.

UDS

Depressed trading in its multiple stores has been the main factor behind the halving of pre-tax profits at UDS for the full year to £12m. John Collier has turned round from £1m profit to a £2m loss, the contribution from the women's clothing chains has come down £3m and in shoes there has been a decline of £1m. Elsewhere the home shopping division's contribution, excluding Myers, has been more or less halved to £2.4m and in department stores and on the export and overseas side there has been no recovery from the lower levels established in the preceding year. In the current year there may not be much in the way of improvement apart from the elimination of £5¼m losses after the disposal of Myers. The company, however, feels confident enough in the future to maintain its uncovered dividend, which produces a yield of 10½ per cent at 88p, down 2p yesterday.

The company's net worth has been reduced by 7 per cent, mainly through pulling out of mail order (at a net cost of £18m), while it has passed over its customer credit business to Citibank. At the same time the menswear business has been re-organised into a single chain, with the elimination of 110 branches. Altogether £52m has been chopped out of stocks and debtors less creditors, and net debt has been brought down from £44m to £18m. Commendable while all this no doubt is, capital gearing is not now the main issue. UDS has yet to prove that it can obtain a decent return in its main businesses.

Index fell 6.0 to 564.6

Dunlop

A 7½ per cent discount offer on Dunlop's products will not cause the group's shareholders to take a very much rosier view of the group's progress—and its Malaysian shareholders, with a visible 17½ per cent stake at the last count, and perhaps nearer 30 per cent in all, will have to travel to the UK to take advantage of this perk. Moreover, details of the proposed Pirelli divorce confirm that elimination of minorities returning to the Union will leave the balance-sheet looking a lot more stretched — shareholders' funds of £342m comparing with pro-forma borrowings of £30[illegible] —though any worsening here more apparent than real.

At 75p, Dunlop's share price is near its year's high and its market capitalisation just to £100m. Certainly that represents a handsome discount to book net worth of some [illegible] a share on a historical cost basis, and more like 27[illegible] according to the current cost version. But there does not appear to be any hoard of easily strippable assets — plantations are worth only £40m even on current cost—and indeed many of Dunlop's more profitable operations are in the least accessible places (a sum of £19.3m is blocked in Zimbabwe for example).

The group's central problem is the plight of its main UK subsidiary *Dunlop Ltd.*, making losses and in need of additional capital (which Pirelli was not willing to supply). Although the group will need to keep an eye on the possibility of an outright bid, its longer term problem must be to hold the group structure together.

At a discount

The surprising point about Chemical Bank's decision to launch discounted Eurodollar Certificates of Deposit is that no one has done it before. The CDs tend to end up in the hands of U.S.-based institutions which are used to holding discounted money market instruments such as Treasury bills, rather than short-term paper carrying a coupon. Chemical hopes that the new CDs will be attractive to investors concerned with arbitrage between different sorts of paper: they should become even easier to switch later this year when London changes over to a same-day CD clearing system.

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